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Goodbaby International Holdings Limited

好孩子國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1086)

CONTINUING CONNECTED TRANSACTIONS

On 28 December 2012, GCPX and GGPX entered into the Pingxiang Lease Agreement, pursuant to which GGPX will lease the Properties to GCPX during a three-year period commencing from 1 January 2013 and ending on 31 December 2015.

GGPX is a wholly-owned subsidiary of GGCL, which is a company controlled by Mr. Song Zhenghuan, the Company's chairman, chief executive officer and executive Director, and his spouse, Ms. Fu Jingqiu. Accordingly, GGPX is an associate of Mr. Song under the Listing Rules and thus it is regarded as a connected person of the Company under the Listing Rules.

Given that each of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Pingxiang Lease Agreement will, whether (i) on a stand alone basis or (ii) when aggregated under Rule 14A.25 of the Listing Rules, be on an annual basis more than 0.1% but less than 5%, the transactions contemplated under the Pingxiang Lease Agreement will be exempt from the independent shareholders' approval requirement but subject to the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

On 28 December 2012, GCPC and GCCL entered into the Supply Agreement, pursuant to which GCCL will supply Products to GCPC for a period of three years commencing on 1 January 2013 to 31 December 2015.

GCCL is an indirect wholly owned subsidiary of G-Baby Holdings Limited, which in turn is held as to approximately 63.9% by companies ultimately controlled by Mr. Song and his spouse, including PUD, a substantial shareholder of the Company. Accordingly, GCCL is an associate of Mr. Song under the Listing Rules and thus it is regarded as a connected person of the Company under the Listing Rules.

Given that each of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Supply Agreement will be on an annual basis more than 0.1% but less than 5%, the transactions contemplated under the Supply Agreement will be exempt from the independent shareholders' approval requirement but subject to the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

A. PINGXIANG LEASE AGREEMENT

On 28 December 2012, GCPX and GGPX entered into the Pingxiang Lease Agreement, pursuant to which GGPX will lease the Properties to GCPX during a three-year period commencing from 1 January 2013 and ending on 31 December 2015.

General Principles and Terms

The Pingxiang Lease Agreement is valid for a term of three years commencing from 1 January 2013 and ending on 31 December 2015. The Properties are intended to be used mainly for production purpose. The aggregate annual rental of the Properties payable by GCPX to GGPX is determined with reference to the market rental rate. Rental payment for each month is payable in advance on a monthly basis before the tenth day of each month.

GCPX has an option to renew the Pingxiang Lease Agreement at any time within the three month period before the expiry date of the Pingxiang Lease Agreement for a further period of three years, on the condition that all applicable disclosure and/or shareholders' approval requirement under the Listing Rules shall have been complied with by the Company.

Annual Caps

There were no historical transactions between GCPX and GGPX in relation to the Properties during the three years ended 31 December 2011 and up to the date of this announcement.

The Pingxiang Annual Caps under the Pingxiang Lease Agreement for each of the three years ending 31 December 2015 is RMB2,136,000 (or approximately HK\$2,629,894), RMB2,350,000 (or approximately HK\$2,893,376) and RMB2,585,000 (or approximately HK\$3,182,714), respectively. The Directors consider that the terms of the Pingxiang Lease Agreement including the Pingxiang Annual Caps are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole.

B. SUPPLY AGREEMENT

On 28 December 2012, GCPC and GCCL entered into the Supply Agreement, pursuant to which GCCL will supply Products to GCPC to be used as free gifts for sales of GCPC's products, for a period of three years commencing on 1 January 2013 to 31 December 2015. This is part of the Group's sales strategy to increase the sales volume of GCPC's own products.

General Principles and Terms

The Supply Agreement is valid for a term of three years commencing from 1 January 2013 and ending on 31 December 2015. The amount payable by GCPC to GCCL under the Supply Agreement is determined based on the prevailing market rate of the Products. Upon receipt of the monthly invoice from GCCL, GCPC will pay such transaction amount to GCCL within seven Business Days. GCPC has an option to renew the Supply Agreement at any time within the three month period before the expiry date of the Supply Agreement for a further period of three years, on the condition that all applicable disclosure and/or shareholders' approval requirement under the Listing Rules shall have been complied with by the Company.

Annual Caps

There were no historical transactions between GCPC and GCCL in relation to the purchase of Products during the three years ended 31 December 2011 and up to the date of this announcement.

The Products Annual Caps under the Supply Agreement for each of the three years ending 31 December 2015 is RMB5,000,000 (or approximately HK\$6,156,119), RMB6,000,000 (or approximately HK\$7,387,343) and RMB7,000,000 (or approximately HK\$8,618,567), respectively. The Products Annual Caps were determined based on the annual sales volume and annual growth rate of certain products of GCPC which would offer Products as free gifts. The Directors consider that the terms of the Supply Agreement including the Products Annual Caps are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole.

INFORMATION ON THE GROUP, GCPC, GCPX, GGPX AND GCCL

The Group is principally engaged in the design, research and development, manufacture, marketing and sale of strollers, children's car seats, cribs, bicycles and tricycles, and other durable juvenile products.

GCPC is principally engaged in the manufacture and sale of strollers, children's car seats, cribs, bicycles and tricycles, and other durable juvenile products.

GCPX is principally engaged in the manufacture and sale of strollers, children's bicycles and tricycles, cribs, and other durable juvenile products.

GGPX is principally engaged in the leasing of its properties.

GCCL is principally engaged in the retail and distribution of juvenile products including both durable and non-durable juvenile products and household appliances.

LISTING RULES IMPLICATIONS

GGPX is a wholly-owned subsidiary of GGCL, which is a company controlled by Mr. Song Zhenghuan, the Company's chairman, chief executive officer and executive Director, and his spouse, Ms. Fu Jingqiu. Accordingly, GGPX is an associate of Mr. Song under the Listing Rules and thus it is regarded as a connected person of the Company under the Listing Rules.

Given that each of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Pingxiang Lease Agreement will, whether (i) on a stand alone basis or (ii) when aggregated under Rule 14A.25 of the Listing Rules, be on an annual basis more than 0.1% but less than 5%, the transactions contemplated under the Pingxiang Lease Agreement will be exempt from the independent shareholders' approval requirement but subject to the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

GCCL is an indirect wholly owned subsidiary of G-Baby Holdings Limited, which in turn is held as to approximately 63.9% by companies ultimately controlled by Mr. Song and his spouse, including PUD, a substantial shareholder of the Company. Accordingly, GCCL is an associate of Mr. Song under the Listing Rules and thus it is regarded as a connected person of the Company under the Listing Rules.

Given that each of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Supply Agreement will be on an annual basis more than 0.1% but less than 5%, the transactions contemplated

under the Supply Agreement will be exempt from the independent shareholders' approval requirement but subject to the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Mr. Song and Mr. Wang Haiye have material interest in the transactions contemplated under the Pingxiang Lease Agreement and the Supply Agreement and they have abstained from voting on the board resolution in relation to this. Mr. Christopher Marcus Gradel and Ms. Chiang Yun have material interest in the transactions contemplated under the Supply Agreement and they have abstained from voting on the board resolution in relation to this.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong and the PRC;
“Company”	Goodbaby International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“GCCL”	好孩子(中國)商貿有限公司 (Goodbaby China Commercial Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC and a connected person of the Company;
“GCPC”	好孩子兒童用品有限公司 (Goodbaby Child Products Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company;
“GCPX”	好孩子兒童用品平鄉有限公司 (Goodbaby Child Products Pingxiang Co., Ltd.*), a company established in the PRC and an indirect wholly owned subsidiary of the Company;

“GGCL”	好孩子集團有限公司 (Goodbaby Group Co., Ltd.*), a company established in the PRC and controlled by Mr. Song Zhenghuan, the Company’s chairman, chief executive officer and executive Director, and his spouse, Ms. Fu Jingqiu;
“GGPX”	好孩子集團平鄉有限公司 (Goodbaby Group Pingxiang Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of GGCL;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Pingxiang Lease Agreement”	the lease agreement dated 28 December 2012 entered into between GCPX and GGPX in relation to the lease of the Properties from GGPX to GCPX;
“Pingxiang Annual Caps”	the annual caps under the Pingxiang Lease Agreement of RMB2,136,000 (or approximately HK\$2,629,894), RMB2,350,000 (or approximately HK\$2,893,376) and RMB2,585,000 (or approximately HK\$3,182,714) for each of the three years ending 31 December 2015, respectively;
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macao Special Administrative Region for the purpose of this announcement;
“Products”	infants’ and children’s products such as nursing products, paper products or toys;
“Products Annual Caps”	the annual caps under the Supply Agreement of RMB5,000,000 (or approximately HK\$6,156,119), RMB6,000,000 (or approximately HK\$7,387,343) and RMB7,000,000 (or approximately HK\$8,618,567) for each of the three years ending 31 December 2015, respectively;
“Properties”	the premises situated on the south side of the eastern section of Zhonghua Road, Pingxiang County, Hebei Province, PRC (河北省平鄉縣城中華路東段南側) of a total of 22,248 square metres with building ownership certificates of Ping Fang Quan Zheng Qi Qu 03 Zi No. 566 (平房權證乞區03字第566號) and Ping Fang Quan Zheng Qi Qu 03 Zi No. 567 (平房權證乞區03字第567號);

“PUD”	Pacific United Developments Limited, a private limited company incorporated in the British Virgin Islands holding 25.9% interests in the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	ordinary shares of nominal value HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supply Agreement”	the supply agreement entered into between GCPC and GCCL dated 28 December 2012 pursuant to which GCCL agreed to supply the Products to GCPC; and
“%”	per cent.

** For identification purpose only*

For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.000000 to HK\$1.231224. This conversion is provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB or HK\$ can be converted at the above rate or any other rates or at all.

By order of the Board
Goodbaby International Holdings Limited
SONG Zhenghuan
Chairman

Hong Kong, 28 December 2012

As at the date of this announcement, the executive Directors are Mr. SONG Zhenghuan and Mr. WANG Haiye; the non-executive Directors are Mr. Christopher Marcus GRADEL and Ms. CHIANG Yun; the independent non-executive Directors are Mr. Iain Ferguson BRUCE, Mr. LONG Yongtu and Mr. SHI Xiaoguang.