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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)**

### **(1) NEW CONTINUING CONNECTED TRANSACTION**

### **(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

#### **NEW CONTINUING CONNECTED TRANSACTION**

Reference is made to the announcement of the Company dated 29 October 2012 in respect of the 2013 GCCL Supply Agreement entered into between GCPC and GCCL for the supply of Products to GCCL for a term from 1 January 2013 to 31 December 2015. As the 2013 GCCL Supply Agreement will be expiring on 31 December 2015 and to further optimize and unify the Group's business relationship with GCCL, the GCHL Master Supply Agreement was entered into on 7 October 2015 between GBHK (which in turn holds 100% interest in GCPC) and GCHL (which in turn indirectly holds 100% interest in GCCL) pursuant to which GBHK agreed to supply, or procure its subsidiaries to supply, the GBHK Products to GCHL and its subsidiaries for domestic sales for a period commencing from 1 January 2016 and ending on 31 December 2018, and GCHL agreed to distribute or procure its subsidiaries to distribute the GBHK Products supplied by GBHK and its subsidiaries in the domestic market.

#### **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the prospectus of the Company dated 11 November 2010 and the announcements of the Company dated 28 December 2012, 23 August 2013 and 18 March 2014 in respect of the 2012/13/14 Pingxiang Lease Agreements, the 2014 Pingxiang Lease Agreement, the 2010 Kunshan Lease Agreement and the 2012 Gift

Supply Agreement. As the 2012/13/14 Pingxiang Lease Agreements, the 2014 Pingxiang Lease Agreement, the 2010 Kunshan Lease Agreement and the 2012 Gift Supply Agreement will be expiring on 31 December 2015, the First Pingxiang Lease Agreement, the Second Pingxiang Lease Agreement, the 2015 Kunshan Lease Agreement and the 2015 Gift Supply Agreement were entered into on 7 October 2015 to renew the 2012/13/14 Pingxiang Lease Agreements, the 2014 Pingxiang Lease Agreement, the 2010 Kunshan Lease Agreement and the 2012 Gift Supply Agreement, respectively. Each of the First Pingxiang Lease Agreement, the Second Pingxiang Lease Agreement, the 2015 Kunshan Lease Agreement and the 2015 Gift Supply Agreement has a fixed term of three years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

### **LISTING RULES IMPLICATIONS**

GCHL is a company which is held as to approximately 87.24% by companies ultimately controlled by the Chairman and his spouse, including PUD, a substantial shareholder of the Company, GGCL is a company which is held as to approximately 67.11% by the Chairman and his spouse and GGPX is a wholly-owned subsidiary of GGCL. Accordingly, each of GCHL, GGCL and GGPX is an associate of the Chairman under the Listing Rules and thus each of them is regarded as a connected person of the Company under the Listing Rules.

Given some of the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the GCHL Master Supply Agreement are expected to be more than 5%, the GCHL Master Supply Agreement and the transactions contemplated thereunder will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, given that the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the Lease Agreements, on an aggregation basis when aggregated under Rule 14A.25 of the Listing Rules, and the 2015 Gift Supply Agreement, on an annual basis are expected to be more than 0.1% but less than 5%, the transactions contemplated under the Lease Agreements and the 2015 Gift Supply Agreement will be exempt from the Independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

An Independent Board Committee will be established to advise the Independent Shareholders in relation to the GCHL Master Supply Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the GCHL Master Supply Agreement and the transactions contemplated thereunder. PUD and its associates shall abstain from voting on the proposed resolution approving the GCHL Master Supply Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, information on the GCHL Master Supply Agreement and the transactions contemplated thereunder, the recommendations of the Independent Board Committee to the Independent Shareholders in relation to GCHL Master Supply Agreement and the transactions contemplated thereunder, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the GCHL Master Supply Agreement and the transactions contemplated thereunder and the notice for the EGM to approve the GCHL Master Supply Agreement and the transactions contemplated thereunder is expected to be dispatched to the Shareholders on or before 4 November 2015.

## **NEW CONTINUING CONNECTED TRANSACTION**

### **(1) GCHL MASTER SUPPLY AGREEMENT**

Reference is made to the announcement of the Company dated 29 October 2012 in respect of the 2013 GCCL Supply Agreement entered into between GCPC and GCCL for the supply of the Products to GCCL for a term from 1 January 2013 to 31 December 2015. As the 2013 GCCL Supply Agreement will be expiring on 31 December 2015 and to further optimize and unify the Group's business relationship with GCCL, the GCHL Master Supply Agreement was entered into on 7 October 2015 between GBHK which in turn holds 100% interest in GCPC and GCHL which in turn indirectly holds 100% interest in GCCL, pursuant to which GBHK agreed to supply, or procure its subsidiaries to supply, the GBHK Products to GCHL and its subsidiaries for domestic sales for a period commencing from 1 January 2016 and ending on 31 December 2018, and GCHL agreed to distribute or procure its subsidiaries to distribute the GBHK Products supplied by GBHK and its subsidiaries in the domestic market.

Details of the GCHL Master Supply Agreement are set out as below:

Date: 7 October 2015

Parties: (1) GBHK  
(2) GCHL

Subject: Pursuant to the GCHL Master Supply Agreement, GBHK agreed to supply, or procure its subsidiaries to supply, the GBHK Products to GCHL and its subsidiaries for domestic sales, and GCHL agreed to distribute or procure its subsidiaries to distribute the GBHK Products supplied by GBHK and its subsidiaries in the domestic market.

Term: The GCHL Master Supply Agreement has a fixed term of three years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

Pricing policy: The purchase prices of the GBHK Products payable by GCHL and its subsidiaries will be determined with reference to the prevailing market prices and in accordance with the pricing policies of continuing connected transactions of the Group as detailed in the paragraph headed “Pricing Principles for the entering of the GCHL Master Supply Agreement” below, and will be no less favourable to the Group than those offered to independent purchasers of the Group’s products. The terms of the GCHL Master Supply Agreement were concluded after arm’s length negotiations and were based on normal commercial terms in the parties’ ordinary course of business.

Settlement term: For the period from 1 January 2016 to 31 December 2016, payment pursuant to the GCHL Master Supply Agreement shall be made within 120 days upon the date of invoice. Thereafter, payment term pursuant to the GCHL Master Supply Agreement will be determined based on annual review and adjustment based on the actual turnover days of the accounts receivable in the previous year, but in any event not more than 120 days.

Delivery term: Within three business days upon receipt by GBHK and/or its subsidiaries of specific purchase orders from GCHL and its subsidiaries, GCHL and its subsidiaries may collect at its own costs such GBHK Products from the warehouse of GBHK and/or its subsidiaries, or GBHK and/or its subsidiaries may deliver such GBHK Products to such venue of transportation receipt situated in Shanghai or Kunshan City, Jiangsu Province as designated by GCHL and its subsidiaries, for GCHL and/or its subsidiaries to transport at its own costs.

Cap amount: The transaction amount under the GCHL Master Supply Agreement for each of the three financial years ending 31 December 2018 will not exceed the following annual cap:

|            | <b>Financial<br/>year ending<br/>31 December<br/>2016<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2017<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2018<br/><i>RMB' 000</i></b> |
|------------|---|---|---|
| Annual cap | 1,110,000   | 1,450,000   | 1,870,000   |

The annual caps under the GCHL Master Supply Agreement were determined based on historical transaction amount, the expected increase in demand for the GBHK Products by GCHL and its subsidiaries driven by the projected expansion of the retail network and coverage in the PRC of GCHL and its subsidiaries and the projected growth of GCHL's internet sales.

The historical transaction amount of purchases by GCCL for each of the two financial years ended 31 December 2014 and the eight months ended 31 August 2015 under the 2013 GCCL Supply Agreement are as follows:

|   | <b>For the<br/>year ended<br/>31 December<br/>2013<br/><i>RMB' 000</i></b> | <b>For the<br/>year ended<br/>31 December<br/>2014<br/><i>RMB' 000</i></b> | <b>For the<br/>eight months<br/>ended 31<br/>August 2015<br/><i>RMB' 000</i></b> |
|---|--|--|--|
| Annual caps<br>under the 2013<br>GCCL Supply<br>Agreement | 630,762  | 977,680  | 1,466,521  |
| Historical<br>transaction<br>amount                       | 465,960.39   | 644,129.42   | 473,602.97   |

As at the date of this announcement, the annual caps under the 2013 GCCL Supply Agreement for the three financial years ending 31 December 2015 have not been exceeded.

#### ***Reasons for the GCHL Master Supply Agreement***

GBHK has a wider scope of products offering as compared to that of GCPC, as it also distributes and markets the “CYBEX” and “Evenflo” brands which were acquired by the Group during the year 2014. Accordingly, the GCHL Master Supply Agreement entered into by GBHK will benefit more brands of the Group to better use the retail and distribution network of GCHL and its subsidiaries, with the additions of the two newly acquired brands. GCHL is a leading juvenile products distributor and retailer in the PRC and is operating extensive distribution channels including internet shopping sales channel and a nation-wide retail network in the PRC. GCCL, a wholly-owned subsidiary of GCHL, is one of the major distributor of the Group during the year ended 31 December 2014. As at 30 June 2015, the sales network of GCHL and its subsidiaries covers 31 provinces, autonomous regions and municipalities in the PRC. Taking into consideration of (i) the existing and the developing nationwide coverage of retail channels of GCHL and its subsidiaries in the PRC and their leading position in the retail industry for maternity and baby products in the

PRC; (ii) the significant contribution of GCHL to the revenue of the Group in the PRC market; and (iii) the stable and well-established cooperation history and strategic business relationship between the Group and GCHL in the past, the Group believes that maintaining and further unifying the cooperation relationship between the Group and GCHL will benefit enhancing the sales of the Group's products which in turn will benefit the Group's revenue growth and future development. Based on the above, the Directors are of the view that the entering of the GCHL Master Supply Agreement, including the annual caps thereunder the GCHL Master Supply Agreement, is fair and reasonable and under normal commercial terms and in the interests of the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

GCHL is a company which is held as to approximately 87.24% by companies ultimately controlled by the Chairman and his spouse, including PUD, a substantial shareholder of the Company. Accordingly, GCHL is an associate of the Chairman under the Listing Rules and thus it is regarded as a connected person of the Company under the Listing Rules.

Given some of the applicable percentage ratios (other than the profit ratio) for the transaction contemplated under the GCHL Master Supply Agreement are expected to be more than 5%, the GCHL Master Supply Agreement and the transaction contemplated thereunder will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

An Independent Board Committee will be established to advise the Independent Shareholders in relation to the GCHL Master Supply Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the GCHL Master Supply Agreement and the transactions contemplated thereunder. PUD and its associates shall abstain from voting on the proposed resolution approving the GCHL Master Supply Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, information on the GCHL Master Supply Agreement and the transactions contemplated thereunder, the recommendations of the Independent Board Committee to the Independent Shareholders in relation to GCHL Master Supply Agreement and the transactions contemplated thereunder, a letter of advice from the independent financial

adviser to the Independent Board Committee and the Independent Shareholders in relation to the GCHL Master Supply Agreement and the transactions contemplated thereunder and the notice for the EGM to approve the GCHL Master Supply Agreement and the transactions contemplated thereunder is expected to be dispatched to the Shareholders on or before 4 November 2015.

## **PRICING PRINCIPLES FOR THE ENTERING OF THE GCHL MASTER SUPPLY AGREEMENT**

As a general principle, the price and terms in respect of the GCHL Master Supply Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favorable than those provided by independent third parties to the Group. Subject to the aforesaid general principle, the basis of determining the prices of the GBHK Products to be supplied by the Group under the GCHL Master Supply Agreement will be determined with reference to (i) the prevailing market prices of similar products obtained through the research conducted by the Company to ensure that the products to be sold to a connected person or his/her associates are comparable to the prices for such products being offered to independent third parties; (ii) the predictable quantity of the order under each individual supply agreement; and (iii) the scale of distribution network of the particular GBHK Products to be supplied by the Group.

## **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

### **(1) LEASE AGREEMENTS**

#### **(a) First Pingxiang Lease Agreement**

Reference is made to the announcements of the Company dated 28 December 2012, 23 August 2013 and 18 March 2014 in respect of the 2012/13/14 Pingxiang Lease Agreements entered into between GCPX and GGPX, pursuant to which GGPX agreed to lease Property I, Property II, Property III and Property IV to GCPX. As the 2012/13/14 Pingxiang Lease Agreements will be expiring on 31 December 2015, the First Pingxiang Lease Agreement was entered into on 7 October 2015 between GCPX and GGPX, pursuant to which GGPX agreed to lease Property I, Property II, Property III and Property IV to GCPX for a period commencing from 1 January 2016 and ending on 31 December 2018.

Details of the First Pingxiang Lease Agreement are set out below:

- Date: 7 October 2015
- Parties: (1) GCPX as lessee  
(2) GGPX as lessor
- Subject: Pursuant to the First Pingxiang Lease Agreement, GGPX agreed to lease Property I, Property II, Property III and Property IV to GCPX principally for production and for manufacturing plants and manufacturing support facilities purposes.
- Term: The First Pingxiang Lease Agreement has a fixed term of three years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).
- Pricing policy: The aggregate annual rental payable by GCPX to GGPX under the First Pingxiang Lease Agreement was determined with reference to the market rental rate as well as the qualities of other properties in the area surrounding the properties under the First Pingxiang Lease Agreement (i.e. Property I, Property II, Property III and Property IV) and (where applicable) may be adjusted in accordance with the terms of the lease by mutual agreement or by the appointment of an independent valuator with international reputation and acceptable to both parties.
- Settlement term: Rental payment under the First Pingxiang Lease Agreement for each month is payable in advance on a monthly basis before the tenth day of each month.
- Renewal: GCPX has an option to renew the First Pingxiang Lease Agreement at any time within the three month period before the expiry date of the First 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.

Cap amount:

The transaction amount under the First Pingxiang Lease Agreement for each of the three financial years ending 31 December 2018 will not exceed the following annual cap:

|            | <b>Financial<br/>year ending<br/>31 December<br/>2016<br/>RMB' 000</b> | <b>Financial<br/>year ending<br/>31 December<br/>2017<br/>RMB' 000</b> | <b>Financial<br/>year ending<br/>31 December<br/>2018<br/>RMB' 000</b> |
|------------|--|--|--|
| Annual cap | 8,626  | 9,001  | 9,376  |

The annual caps under the First Pingxiang Lease Agreement were determined based on historical transaction amount and the potential increase in market rentals during the term of the First Pingxiang Lease Agreement.

The historical transaction amount of rental payment made by GCPX to GGPX for each of the two financial years ended 31 December 2014 and the eight months ended 31 August 2015 under the First Pingxiang Lease Agreement are as follows:

|   | <b>For the<br/>year ended<br/>31 December<br/>2013<br/>RMB' 000</b> | <b>For the<br/>year ended<br/>31 December<br/>2014<br/>RMB' 000</b> | <b>For the eight<br/>months<br/>ended 31<br/>August 2015<br/>RMB' 000</b> |
|---|---|---|---|
| Aggregate annual caps under the 2012/13/14 Pingxiang Lease Agreements | 3,866   | 8,350   | 9,385   |
| Historical transaction amount   | 3,710   | 8,042   | 5,500.4   |

As at the date of this announcement, the annual caps under the 2012/13/14 Pingxiang Lease Agreements for the three financial years ending 31 December 2015 have not been exceeded.

**(b) Second Pingxiang Lease Agreement**

Reference is made to the announcement of the Company dated 18 March 2014 in respect of the 2014 Pingxiang Lease Agreement entered into between GCPC and GGPX, pursuant to which GGPX agreed to lease Property V to GCPC. As the 2014 Pingxiang Lease Agreement will be expiring on 31 December 2015, the Second Pingxiang Lease Agreement was entered into on 7 October 2015 between GCPC and GGPX, pursuant to which GGPX agreed to lease Property V to GCPC for a period commencing from 1 January 2016 and ending on 31 December 2018.

Details of the Second Pingxiang Lease Agreement are set out below:

|                 |   |
|-----------------|---|
| Date:           | 7 October 2015  |
| Parties:        | (1) GCPC as lessee<br>(2) GGPX as lessor  |
| Subject:        | Pursuant to the Second Pingxiang Lease Agreement, GGPX agreed to lease Property V to GCPC principally for the usage as logistics warehouse purpose.   |
| Term:           | The Second Pingxiang Lease Agreement has a fixed term of three years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).  |
| Pricing policy: | The aggregate annual rental payable by GCPC to GGPX under the Second Pingxiang Lease Agreement was determined with reference to the market rental rate as well as the qualities of other properties in the area surrounding the properties under the Second Pingxiang Lease Agreement (i.e. Property V) and (where applicable) may be adjusted in accordance with the terms of the lease by mutual agreement or by the appointment of an independent valuator with international reputation and acceptable to both parties. |

Settlement term: Rental payment under the Second Pingxiang Lease Agreement for each month is payable in advance on a monthly basis before the tenth day of each month.

Renewal: GCPC has an option to renew the Second Pingxiang Lease Agreement at any time within the three month period before the expiry date of the Second 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.

Cap amount: The transaction amount under the Second Pingxiang Lease Agreement for each of the three financial years ending 31 December 2018 will not exceed the following annual cap:

|            | <b>Financial<br/>year ending<br/>31 December<br/>2016<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2017<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2018<br/><i>RMB' 000</i></b> |
|------------|---|---|---|
| Annual cap | 1,616   | 1,693   | 1,770   |

The annual caps under the Second Pingxiang Lease Agreement were determined based on historical transaction amount and the potential increase in market rentals during the term of the Second Pingxiang Lease Agreement.

The historical transaction amount of rental payment made by GCPC to GGPX for the financial year ended 31 December 2014 and the eight months ended 31 August 2015 under the 2014 Pingxiang Lease Agreement are as follows:

|  | <b>For the year<br/>ended 31<br/>December 2014</b> | <b>For the eight<br/>months ended<br/>31 August 2015</b> |
|--|--|--|
|  | <i>RMB' 000</i>                                    | <i>RMB' 000</i>  |
| Annual caps<br>under the 2014<br>Pingxiang<br>Lease<br>Agreement | 1,200  | 1,700  |
| Historical<br>transaction<br>amount                              | 1,178  | 1,025.7  |

As at the date of this announcement, the annual caps under the 2014 Pingxiang Lease Agreement for the two years ending 31 December 2015 have not been exceeded.

#### ***Reasons for the Pingxiang Lease Agreements***

The Company is of the view the entering of the Pingxiang Lease Agreements would provide the Group with stable premises for its production and warehouse purposes. Further, each of the Pingxiang Lease Agreements was entered into after arm's length negotiation and are beneficial to the Company's relevant subsidiaries. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Pingxiang Lease Agreements are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole.

#### **(c) 2015 Kunshan Lease Agreement**

Reference is made to the prospectus of the Company dated 11 November 2010 in respect of the 2010 Kunshan Lease Agreement entered into between GCPC and GGCL, pursuant to which GGCL agreed to lease Property VI to GCPC. As the 2010 Kunshan Lease Agreement will be expiring on 31 December 2015, the

2015 Kunshan Lease Agreement was entered into on 7 October 2015 between GCPC and GGCL, pursuant to which GGCL agreed to lease Property VI to GCPC for a period commencing from 1 January 2016 and ending on 31 December 2018.

Details of the 2015 Kunshan Lease Agreement are set out below:

- Date: 7 October 2015
- Parties: (1) GCPC as lessee  
(2) GGCL as lessor
- Subject: Pursuant to the 2015 Kunshan Lease Agreement, GGCL agreed to lease Property VI to GCPC principally for staff dormitories purpose.
- Term: The 2015 Kunshan Lease Agreement has a fixed term of three years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).
- Pricing policy: The aggregate annual rental payable by GCPC to GGCL under the 2015 Kunshan Lease Agreement was determined with reference to the market rental rate as well as the qualities of other properties in the area surrounding the properties under the 2015 Kunshan Lease Agreement (i.e. Property VI) and (where applicable) may be adjusted in accordance with the terms of the lease by mutual agreement or by the appointment of an independent valuator with international reputation and acceptable to both parties.
- Settlement term: Rental payment under the 2015 Kunshan Lease Agreement for each month is payable in advance on a monthly basis before the tenth day of each month.
- Renewal: GCPC has an option to renew the 2015 Kunshan Lease Agreement at any time within the three month period before the expiry date of the 2015 Kunshan 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.

Cap amount: The transaction amount under the 2015 Kunshan Lease Agreement for each of the three financial years ending 31 December 2018 will not exceed the following annual cap:

|            | <b>Financial<br/>year ending<br/>31 December<br/>2016<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2017<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2018<br/><i>RMB' 000</i></b> |
|------------|---|---|---|
| Annual cap | 736   | 773   | 812   |

The annual caps under the 2015 Kunshan Lease Agreement were determined based on historical transaction amount and the potential increase in market rentals during the term of the 2015 Kunshan Lease Agreement.

The historical transaction amount of rental payment made by GCPC to GGCL for each of the two financial years ended 31 December 2014 and the eight months ended 31 August 2015 under the 2010 Kunshan Lease Agreement are as follows:

|  | <b>For the<br/>year ended<br/>31 December<br/>2013<br/><i>RMB' 000</i></b> | <b>For the<br/>year ended<br/>31 December<br/>2014<br/><i>RMB' 000</i></b> | <b>For the<br/>eight months<br/>ended 31<br/>August 2015<br/><i>RMB' 000</i></b> |
|--|--|--|--|
| Annual caps under the 2010 Kunshan Lease Agreement | 781  | 859.1  | 945.01   |
| Historical transaction amount                      | 700.6  | 700.6  | 467.1  |

As at the date of this announcement, the annual caps under the 2010 Kunshan Lease Agreement for the three years ending 31 December 2015 have not been exceeded.

### ***Reasons for the 2015 Kunshan Lease Agreement***

The Group has been leasing the properties in Kunshan from GCPC for the purpose of providing dormitories to its employees since 2010, the entering of the 2015 Kunshan Lease Agreement would enable the Group to continue to provide dormitories for employees of the Group at the same location without the need to relocating its employees. Further, the 2015 Kunshan Lease Agreement was entered into after arm's length negotiation. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the 2015 Kunshan Lease Agreement are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS FOR THE LEASE AGREEMENTS**

GGCL is a company which is held as to approximately 67.11% by the Chairman and his spouse and GGPX is a wholly-owned subsidiary of GGCL. Accordingly, each of GGCL and GGPX is an associate of the Chairman under the Listing Rules and thus regarded as a connected person of the Company under the Listing Rules.

Given that the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the Lease Agreements, on an aggregation basis when aggregated under Rule 14A.25 of the Listing Rules, be on an annual basis are expected to be more than 0.1% but less than 5%, the transactions contemplated under the Lease Agreements will be exempt from the independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

### **(2) 2015 GIFT SUPPLY AGREEMENT**

Reference is made to the announcement of the Company dated 28 December 2012 in respect of the 2012 Gift Supply Agreement entered into between GCPC and GCCL, pursuant to which GCCL agreed to supply the Gift Products to GCPC to be used as free gifts for sales of GCPC's products for a period from 1 January 2013 to 31 December 2015. As the 2012 Gift Supply Agreement will be expiring on 31 December 2015, the 2015 Gift Supply Agreement was entered into on 7 October 2015 between GCPC and GCCL, pursuant to which GCCL agreed to supply the Gift Products to GCPC to be used as free gifts for sales of GCPC's products for a period commencing from 1 January 2016 and ending on 31 December 2018.

Details of the 2015 Gift Supply Agreement are set out below:

Date: 7 October 2015

Parties: (1) GCPC  
(2) GCCL

Subject: Pursuant to the 2015 Gift Supply Agreement, GCCL agreed to supply the Gift Products to GCPC to be used as free gifts for sales of GCPC's products.

Term: The 2015 Gift Supply Agreement has a fixed term of three years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

Pricing policy: The purchase prices of the Gift Products payable by GCPC will be determined with reference to the prevailing market prices and in accordance with the pricing policies of continuing connected transactions of the Group as detailed in the paragraph headed "Pricing Principles for the entering of the 2015 Gift Supply Agreement" below, and will be no less favourable to the Group than those purchased from other independent suppliers of similar products. The terms of the 2015 Gift Supply Agreement were concluded after arm's length negotiations and were based on normal commercial terms in the parties' ordinary course of business.

Settlement term: Upon receipt of the monthly invoice from GCCL, GCPC will pay such transaction amount to GCCL within seven business days thereon.

Delivery term: Within three business days upon receipt by GCCL of purchase orders from GCPC, GCPC may collect at its own costs such Gift Products from the warehouse of GCCL, or GCCL may deliver such Gift Products to such venue of transportation receipt situated in Shanghai or Kunshan City, Jiangsu Province as designated by GCPC, for GCPC to transport at its own costs.

Renewal: GCPC has an option to renew the 2015 Gift Supply Agreement at any time within the three month period before the expiry date of the 2015 Gift 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.

Cap amount: The transaction amount under the 2015 Gift Supply Agreement for each of the three financial years ending 31 December 2018 will not exceed the following annual cap:

|            | <b>Financial<br/>year ending<br/>31 December<br/>2016<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2017<br/><i>RMB' 000</i></b> | <b>Financial<br/>year ending<br/>31 December<br/>2018<br/><i>RMB' 000</i></b> |
|------------|---|---|---|
| Annual cap | 7,000   | 8,000   | 9,000   |

The annual caps under the 2015 Gift Supply Agreement were determined based on historical transaction amount and the expected increase in demand for the Gift Products by GCPC based on the annual sales volume and annual growth rate of certain products of GCPC which would offer Gift Products as free gifts.

The historical transaction amount of purchases by GCPC for each of the two financial years ended 31 December 2014 and the eight months ended 31 August 2015 under the 2012 Gift Supply Agreement are as follows:

|   | <b>For the<br/>year ended<br/>31 December<br/>2013<br/><i>RMB' 000</i></b> | <b>For the<br/>year ended<br/>31 December<br/>2014<br/><i>RMB' 000</i></b> | <b>For the eight<br/>months<br/>ended 31<br/>August 2015<br/><i>RMB' 000</i></b> |
|---|--|--|--|
| Annual caps<br>under the 2015<br>Gift Supply<br>Agreement | 5,000  | 6,000  | 7,000  |
| Historical<br>transaction<br>amount                       | 495.6  | 139.8  | 138.1  |

As at the date of this announcement, the annual caps under the 2012 Gift Supply Agreement for the three financial years ending 31 December 2015 have not been exceeded.

### ***Reasons for the 2015 Gift Supply Agreement***

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. As part of the Group's business model, the Group has been providing free gifts to its customers upon their purchases of the Group's products. The entering of the 2015 Gift Supply Agreement will enable the Group to secure a long-term stable supply of gift products for the purpose of providing to its customers as part of the Group's sales strategic. With the supply of Gift Products to GCPC in the past years, GCCL has established excellent cooperation relationship with the Group, and the Directors believe that GCCL will be able to continue to provide stable supply of Gift Products of high quality to the Group. Based on the above, the Directors (including the independent non-executive Directors) consider that the entering of the 2015 Gift Supply Agreement, including the annual caps thereunder the 2015 Gift Supply Agreement, is fair and reasonable and under normal commercial terms and in the interests of the shareholders as a whole.

### **LISTING RULES IMPLICATIONS FOR THE 2015 GIFT SUPPLY AGREEMENT**

GCCL is an indirect wholly owned subsidiary of GCHL, which in turn is held as to approximately 87.24% by companies ultimately controlled by the Chairman and his spouse, including PUD, a substantial shareholder of the Company. Accordingly, GCCL is an associate of the Chairman under the Listing Rules and thus it is regarded as a connected person of the Company under the Listing Rules.

Given some of the applicable percentage ratios (other than the profit ratio) for the transaction contemplated under the 2015 Gift Supply Agreement are expected to be more than 0.1% and less than 5%, the 2015 Gift Supply Agreement and the transaction contemplated thereunder will be subject to the reporting, annual review and announcement requirements but exempted from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **PRICING PRINCIPLES FOR THE ENTERING OF THE 2015 GIFT SUPPLY AGREEMENT**

As a general principle, the price and terms in respect of the 2015 Gift Supply Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favorable than those provided by independent third parties to the Group. Subject to the aforesaid general principle, the basis of determining the prices of the Gift Products to be supplied to the Group under the 2015 Gift Supply Agreement will be determined with reference to the prevailing market prices of similar products, which will be determined through a periodic price research conducted by the staff of the business department of the Group by obtaining the prices of products and services charged by suppliers in the market for similar products comparable to the Gift Products under the 2015 Gift Supply Agreement.

## **INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS**

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy. The independent non-executive Directors would continue to review the transactions contemplated under the relevant continuing connected transaction and its auditors would also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the relevant continuing connected transaction have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP, GBHK, GCHL AND GGCL**

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.

GBHK and its subsidiaries are principally engaged in the manufacture and sale of the GBHK Products.

GCCL is wholly-owned by GCHL, and GCHL and its subsidiaries are principally engaged in the retail and distribution of juvenile products including both durable and non-durable juvenile products and household appliances.

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. GCPX is wholly-owned by GCPC.

GGCL is principally engaged in the leasing of its properties.

GGPX is principally engaged in the leasing of its properties. GGPX is wholly-owned by GGCL.

## **OTHER**

Each of the Chairman (i.e. Mr. Song Zhenghuan) together with his associates, Mr. Wang Haiye and Mr. Michael Nan Qu, each a Director, holds certain interests in GCHL, and GCCL is a wholly-owned subsidiary of GCHL. Accordingly, each of the Chairman, Mr. Wang Haiye and Mr. Michael Nan Qu is considered as having a material interest in the transactions contemplated under the GCHL Master Supply Agreement and the 2015 Gift Supply Agreement and accordingly they have abstained from voting on the board resolution for approving the GCHL Master Supply Agreement and the 2015 Gift Supply Agreement and the transactions contemplated thereunder.

Each of the Chairman together with his associates and Mr. Wang Haiye, each a Director, holds certain interests in GGCL and GCPX is a wholly-owned subsidiary of GGCL. Accordingly, each of the Chairman and Mr. Wang Haiye is considered as having a material interest in the transactions contemplated under the Lease Agreements and accordingly each of them has abstained from voting on the board resolution for approving the Lease Agreements and the transactions contemplated thereunder.

## DEFINITIONS

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

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| “2010 Kunshan Lease Agreement”         | lease agreement dated 8 November 2010 and supplemented by supplemental agreements dated 20 December 2011 and 29 October 2012 entered into between GCPC and GGCL in relation to the lease of Property VI from GGCL to GCPC;   |
| “2012 Gift Supply Agreement”           | the supply agreement dated 28 December 2012 entered into between GCPC and GCCL in relation to the supply of Gift Products to GCPC;   |
| “2012/13/14 Pingxiang Lease Agreement” | collectively (i) the lease agreement dated 28 December 2012 and supplemented by a supplemental agreement dated 18 March 2014; (ii) the lease agreement dated 23 August 2013 and supplemented by a supplemental agreement dated 18 March 2014; (iii) the lease agreement dated 23 August 2013 and supplemented by a supplemental agreement dated 18 March 2014; and (iv) the lease agreement dated 18 March 2014, entered into between GCPX and GGPX in relation to the lease of Property I, Property II, Property III and Property IV from GGPX to GCPX; |
| “2013 GCCL Supply Agreement”           | the supply agreement entered into between GCPC and GCCL dated 8 November 2010 and amended by a supplemental agreement dated 16 November 2011 and renewed by a renewal agreement dated 29 October 2012 pursuant to which GCPC agreed to supply the Products to GCCL for domestic sales;   |
| “2014 Pingxiang Lease Agreement”       | the lease agreement dated 18 March 2014 entered into between GCPC and GGPX in relation to the lease of Property V from GGPX to GCPC;   |
| “2015 Gift Supply Agreement”           | the supplemental supply agreement dated 7 October 2015 entered into between GCPC and GCCL in relation to the supply of Gift Products by GCCL to GCPC;  |

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| “2015 Kunshan Lease Agreement”    | the supplemental lease agreement dated 7 October 2015 entered into between GCPC and GGCL in relation to the lease of Property VI from GGCL to GCPC;   |
| “Board”                           | the board of Directors;   |
| “Chairman”                        | Mr. Song Zhenghuan, the Company’s chairman, chief executive officer and executive Director;   |
| “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;   |
| “EGM”                             | an extraordinary general meeting of the Company to be convened to approve the GCHL Master Supply Agreement and the transactions contemplated thereunder;  |
| “First Pingxiang Lease Agreement” | the supplemental lease agreement dated 7 October 2015 entered into between GCPX and GGPX in relation to the lease of Property I, Property II, Property III and Property IV from GGPX to GCPX;   |
| “GBHK”                            | Goodbaby (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;   |
| “GBHK Products”                   | strollers, children’s car seats, cribs, children’s bicycles and other durable juvenile products (including “CYBEX” and “Evenflo” brands acquired by the Group during the year 2014) to be supplied by GBHK and/or its subsidiaries to GCHL and its subsidiaries pursuant to the GCHL Master Supply Agreement; |
| “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;   |
| “GCHL”                            | 好孩子中國控股有限公司(Goodbaby China Holdings Limited), a company established in Cayman Islands;  |

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| “GCHL Master Supply Agreement” | the master supply agreement dated 7 October 2015 entered into between GBHK and GCHL, details of which are set out under the section headed “New Continuing Connected Transaction — GCHL Master Supply Agreement” of this announcement;                          |
| “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 the Chairman 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;  |
| “Gift Products”                | infants’ and children’s products such as nursing products, paper products or toys;  |
| “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;   |
| “Independent Board Committee”  | an independent committee of the Board, comprising all the independent non-executive Directors to be appointed by the Board to advise the Independent Shareholders in relation to the GCHL Master Supply Agreement and the transactions contemplated thereunder; |
| “Independent Shareholders”     | independent shareholders of the Company;  |

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| “Lease Agreements”           | collectively, the Pingxiang Lease Agreements and the 2015 Kunshan Lease Agreement;  |
| “Listing Rules”              | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “Pingxiang Lease Agreements” | collectively, the First Pingxiang Lease Agreement and the Second Pingxiang Lease Agreement;   |
| “Products”                   | strollers, children’s car seats, cribs, children’s bicycles and other durable juvenile products supplied by GCPC to GCCL pursuant to the 2013 GCCL Supply Agreement;  |
| “Property I”                 | 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);  |
| “Property II”                | 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 approximately 41,297.71 square metres with building ownership certificate of Ping Fang Quan Zheng Qi Qu 03 Zi No. 563 (平房權證乞區03字第563號), Ping Fang Quan Zheng Qi Qu 03 Zi No. 564 (平房權證乞區03字第564號), Ping Fang Quan Zheng Qi Qu 03 Zi No. 565 (平房權證乞區03字第565號), Ping Fang Quan Zheng Qi Qu 03 Zi No. 568 (平房權證乞區03字第568號), Ping Fang Quan Zheng Qi Qu 03 Zi No. 570 (平房權證乞區03字第570號), Ping Fang Quan Zheng Qi Qu 03 Zi No. 705 (平房權證乞區03字第705號), Ping Fang Quan Zheng Qi Qu 03 Zi No. 708 (平房權證乞區03字第708號) and Ping Fang Quan Zheng Qi Qu 03 Zi No. 709 (平房權證乞區03字第709號); |

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| “Property III”                     | 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 10,044 square metres with building ownership certificate of Ping Fang Quan Zheng Qi Qu 03 Zi No. 569 (平房權證乞區03字第569號);   |
| “Property IV”                      | 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 4,541.39 square metres with building ownership certificate of Ping Fang Quan Zheng Qi Qu 03 Zi No.564 (平房權證乞區03字第564號), Ping Fang Quan Zheng Qi Qu 03 Zi No.565 (平房權證乞區03字第565號), Ping Fang Quan Zheng Qi Qu 03 Zi No.703 (平房權證乞區03字第703號) and Ping Fang Quan Zheng Qi Qu 03 Zi No.704 (平房權證乞區03字第704號); |
| “Property V”                       | 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 12,821.82 square metres with building ownership certificate of Ping Fang Quan Zheng Qi Qu 03 Zi No.702 (平房權證乞區03字第702號);   |
| “Property VI”                      | the premises situated on No. 2 Luqian Road, Lujia Town, Kunshan City, Jiangsu Province, PRC of a total of 5,838.6 square metres with building ownership certificate of Kun Fang Quan Zheng Lu Jia Di No. 121009597 (昆房權證陸家第121009597號);  |
| “PRC”                              | the People’s Republic of China, excluding Taiwan, Hong Kong and Macao Special Administrative Region for the purpose of this announcement;  |
| “PUD”                              | Pacific United Developments Limited, a private limited company incorporated in the British Virgin Islands holding 23.65% interests in the Company;   |
| “RMB”                              | Renminbi, the lawful currency of the PRC;  |
| “Second Pingxiang Lease Agreement” | the supplemental lease agreement dated 7 October 2015 entered into between GCPC and GGPX in relation to the lease of Property V from GGPX to GCPC;   |

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| “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;                                      |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules; and                   |
| “%”                       | per cent.   |

*\*For identification purpose only*

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

Hong Kong, 7 October 2015

*As at the date of this announcement, the executive Directors are Mr. Song Zhenghuan, Mr. Martin Pos, Mr. Wang Haiye and Mr. Michael Nan Qu; the non-executive Director is Mr. Ho Kwok Yin, Eric; and the independent non-executive Directors are Mr. Iain Ferguson Bruce, Ms. Chiang Yun and Mr. Shi Xiaoguang.*