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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)**

### **CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTERESTS IN A SUBSIDIARY**

#### **Share Purchase Agreement**

The Board is pleased to announce that on 15 November 2023, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Seller (a substantial shareholder of the Target Company) entered into the Share Purchase Agreement in relation to the acquisition of Sale Shares representing the remaining 20% equity interests in the Target Company which has been a non-wholly owned subsidiary of the Company owned as to 80% by the Group immediately prior to the Completion. The consideration for the Acquisition was JPY258,409,336 (equivalent to approximately HK\$13,411,445). Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. It is expected that the Completion will take place on the date of this announcement in accordance with the terms of the Share Purchase Agreement.

#### **Listing Rules Implications**

As the Seller is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) the Seller is a connected person of the Company at the subsidiary level; (2) the Board has approved the Acquisition; and (3) the independent non-executive Directors have confirmed that the terms and conditions of the Acquisition are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval and circular (including independent financial advice) requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 15 November 2023, the Purchaser and the Seller entered into the Shares Purchase Agreement in relation to the acquisition of Sales Shares representing 20% equity interests in the Target Company pursuant to the exercise of a call option by the Purchaser in accordance with terms of the Share Subscription and Shareholders Agreement. The consideration for the Acquisition was JPY258,409,336 (equivalent to approximately HK\$13,411,445).

Immediately prior to the Completion, the Target Company has been owned as to 80% by the Purchaser and 20% by the Seller. Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

## THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are set out below:

### Date

15 November 2023.

### Parties

- (1) CYBEX GmbH, an indirect wholly-owned subsidiary of the Company, as the Purchaser;
- (2) DADWAY, INC., a substantial shareholder of the Target Company, as the Seller; and
- (3) Mr. Kimihiko Shiratori, as guarantor of the Seller for guaranteeing all the obligations of the Seller under the Share Purchase Agreement.

### Nature of the transaction

The Purchaser agreed to purchase, and the Seller agreed to sell Sale Shares in the Target Company at the Consideration.

### Consideration and payment terms

The consideration for Sale Shares is JPY258,409,336 (equivalent to approximately HK\$13,411,445) (the “**Consideration**”) which was determined with reference to the formula set out in the Share Subscription and Shareholders Agreement below:

Consideration = year end operating earnings before interest and taxes for the Target Company as of December 31 of a preceding year immediately before the date of exercise of the call option x 2 x 20%

The above formula was agreed after arm’s length negotiations among the Purchaser and the then parties to the Share Subscription and Shareholders Agreement after taking into account the past performance, future prospect and brand value of the Target Company at the relevant time.

The Consideration shall be paid by the Purchaser to the Seller in cash on the Completion Date and is intended to be funded by internal resources of the Purchaser.

## **Completion**

The Acquisition shall take place on the Completion Date, which is expected to be the date of this announcement in accordance with the terms of the Share Purchase Agreement.

Upon the Completion, the Target Company will be wholly-owned by the Purchaser.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE PURCHASE AGREEMENT**

The Board believes that acquisition of the minority interest from the Seller will further consolidate the Group's control over the Target Company, resulting in streamlined decision-making processes, allowing us to swiftly implement strategic initiatives that align with our business objectives and allowing the Shareholders to directly reap the economic benefits of our increased market share in Japan. The Board further believes that the cost of the Acquisition is reasonable as the Target Company's promising growth is financially advantageous to the Group, and that the Acquisition represents an opportunity for our Group to further leverage the existing synergies between the Target Company and our well-established position as a premier juvenile products group within the industry value chain, as well as to strengthen the Group's market presence in the lucrative Japanese market.

None of the Directors has any material interest in the Acquisition or is required to abstain from voting on the Board resolutions approving the Acquisition. The Board (including the independent non-executive Directors) considers that the terms and conditions of the Acquisition are fair and reasonable, on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP AND THE PURCHASER**

The Group is principally engaged in the manufacture, distribution and retail of products for children.

The Purchaser is a company incorporated in Germany and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the business of purchase, sale, holding and management of participating interests and development and production of child car-seats, strollers, child carrying systems, pushchairs, high chairs and other products for children.

## INFORMATION ON THE SELLER

The Seller is a company incorporated in Japan principally engaged in the business of importing, planning and distributing baby products. The Seller is wholly owned by Dadway Holdings, Inc., with a share capital of (i) 1 Class A preferred share owned by Mr. Kimihiko Shiratori; (ii) 599 common stock of which 325 shares and 274 shares owned by Mr. Kimihiko Shiratori and Mrs. Yukiko Shiratori, respectively; and (iii) 200 Class B preferred shares owned by Tokyo Small & Medium Business Investment & Consultation Co., Ltd. Save for their direct/indirect interest in the Sale Shares prior to the Completion, each of the Seller and the aforesaid shareholders of the Seller is a third party independent of the Company and its connected persons.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Japan and is principally engaged in the business of distribution and sale of car safety seats, infant strollers and other parenting products. Immediately prior to the Completion, the Target Company has been an indirect non-wholly owned subsidiary of the Company and owned by the Purchaser and the Seller as to 80% and 20%, respectively. Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

### Financial information of the Target Company

Set out below is certain unaudited financial information of the Target Company (prepared in accordance with the International Financial Reporting Standards (“IFRSs”)) for each of the financial years ended 31 December 2022 and 31 December 2021, respectively:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	JPY (unaudited)	HK\$ (unaudited)	JPY (unaudited)	HK\$ (unaudited)
Net profit/(loss) (before tax)	640,184,431	33,225,572	245,128,121	12,722,149
Net profit/(loss) (after tax)	440,038,238	22,837,985	164,336,399	8,529,059

The unaudited net asset value of the Target Company as at 31 December 2022 prepared in accordance with the IFRSs was JPY711,328,022 (equivalent to approximately HK\$36,917,924).

The original investment cost for the 20% equity interests in the Target Company incurred by the Seller’s predecessor (which was a party to the Share Subscription and Shareholders Agreement and subsequently merged into the Seller) was US\$400,000 (equivalent to approximately HK\$3,121,960).

## IMPLICATIONS UNDER THE LISTING RULES

As the Seller is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) the Seller is a connected person of the Company at the

subsidiary level; (2) the Board has approved the Acquisition; and (3) the independent non-executive Directors have confirmed that the terms and conditions of the Acquisition are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval and circular (including independent financial advice) requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

“Acquisition”	the acquisition of the Sale Shares pursuant to the Share Purchase Agreement
“Board”	the board of Directors of the Company
“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
“Completion”	completion of the Acquisition in accordance with the terms of the Share Purchase Agreement
“Completion Date”	the date of completion of the Acquisition pursuant to the Share Purchase Agreement, which is expected to be falling on the same date as the date of this announcement
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Director”	the directors of the Company
“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 People’s Republic of China
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	CYBEX GmbH, a company incorporated in Germany and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	4,255 shares, representing 20% equity interests in the Target Company, owned by the Seller immediately prior to Completion

“Seller”	DADWAY, INC., a company incorporated in Japan
“Share Purchase Agreement”	the Share Purchase Agreement entered into between the Purchaser and the Seller on 15 November 2023
“Share Subscription and Shareholders Agreement”	the share subscription and shareholders agreement dated 26 February 2018 entered into between, among others, the Purchaser and a company which subsequently merged into the Seller on 18 May 2023, thereby the rights and obligations of which under such agreement were transferred to the Seller
“Shareholders”	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
“Target Company”	Columbus Trading-Partners Japan Limited, a company incorporated in Japan and an indirect non-wholly owned subsidiary of the Company and the shares of which are owned by the Purchaser and the Seller as to 80% and 20%, respectively as at the date of this announcement
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent

The exchange rates adopted for the purpose of this announcement are HK\$0.0519 to JPY 1 and HK\$7.8049 to US\$1 (as applicable) which are for illustration purpose only. No representation is made that any amounts in JPY, US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

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

Hong Kong, 15 November 2023

*As at the date of this announcement, the executive Directors are Mr. SONG Zhenghuan, Mr. LIU Tongyou, Mr. Martin POS, Mr. XIA Xinyue and Mr. Michael Nan QU; the non-executive Directors are Ms. FU Jingqiu and Mr. HO Kwok Yin, Eric; and the independent non-executive Directors are Ms. CHIANG Yun, Mr. SHI Xiaoguang, Mr. JIN Peng and Mr. SO Tak Young.*