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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 RENEWAL OF LEASES

Reference is made to the announcement of the Company dated 29 November 2021 in relation to, among others, the 2021 Lease Agreements. As the 2021 Lease Agreements will expire on 31 December 2024, the Group entered into the 2024 Lease Agreements to renew the 2021 Lease Agreements on 30 August 2024.

LISTING RULES IMPLICATIONS

The right-of-use assets acquired under the 2024 Lease Agreements will be recognized by the Group in its consolidated statement of financial position in accordance with IFRS 16. Accordingly, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder will be deemed as an acquisition of right-of-use assets by the Group. The total value of the right-of-use assets is estimated to be approximately RMB45,560,243 (equivalent to HK\$49,275,625), which is calculated with reference to the gross rental payments under the 2024 Lease Agreements.

As one or more of the applicable percentage ratios of the estimated value of the right-of-use assets to be recognized by the Company under the 2024 Lease Agreements are more than 0.1% but less than 5%, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 29 November 2021 in relation to, among others, the 2021 Lease Agreements. As the 2021 Lease Agreements will expire on 31 December 2024, the Group entered into the 2024 Lease Agreements to renew the 2021 Lease Agreements on 30 August 2024.

THE 2024 LEASE AGREEMENTS

The principal terms of each of the 2024 Lease Agreements are set out below.

(1) The 2024 First Lease Agreement

- Date : 30 August 2024
- Parties : (1) GCPX; and
(2) GGPX.
- Subject matter : GCPX, as lessee, agreed to lease Property I from GGPX, as lessor, principally for production, manufacturing and manufacturing support facilities purposes.
- Term : Three years commencing from 1 January 2025 to 31 December 2027 (both days inclusive).
- Floor area : A total of 82,669.50 square metres
- Rent : The annual rent for the three years ending 31 December 2027 are RMB13,392,459, RMB13,888,476 and RMB14,384,493, respectively.
- The rent is payable in advance on a monthly basis before the tenth day of each month.
- Pricing Policy : The rents were determined by both parties after arm's length negotiation with reference to:
- (i) the historical rental payments paid by GCPX to GGPX for Property I;
 - (ii) the prevailing market rent of premises with comparable size and quality situated in the same locality of Property I with reference to the rental amounts of comparable premises obtained from independent third parties including property agents;
 - (iii) the expected increase in market rent during the term of the 2024 First Lease Agreement with reference to the expected increase of market rent of comparable premises obtained from independent third parties including property agents; and

(iv) the annual rental payments for Property I shall be no less favorable to the Group than the rental amounts offered by independent third parties of comparable premises.

Renewal : The 2024 First Lease Agreement may be renewed by mutual consent of the parties, subject to satisfaction of all applicable disclosure requirements and obtaining of shareholders' approval (if required) under the Listing Rules.

(2) The 2024 Second Lease Agreement

Date : 30 August 2024

Parties : (1) GCPC; and
(2) GGPX.

Subject matter : GCPC, as lessee, agreed to lease Property II from GGPX, as lessor, principally for the usage as logistics warehouse purpose.

Term : Three years commencing from 1 January 2025 to 31 December 2027 (both days inclusive).

Floor area : A total of 11,699.17 square metres

Rent : The annual rent for the three years ending 31 December 2027 are RMB2,105,851, RMB2,179,046 and RMB2,246,241, respectively:

The rent is payable in advance on a monthly basis before the tenth day of each month.

Pricing Policy : The rents were determined by both parties after arm's length negotiation with reference to:

(i) the historical rental payments paid by GCPC to GGPX for Property II;

(ii) the prevailing market rent of premises with comparable size and quality situated in the same locality of Property II with reference to the rental amounts of comparable premises obtained from independent third parties including property agents;

- (iii) the expected increase in market rent during the term of the 2024 Second Lease Agreement with reference to the expected increase of market rent of comparable premises obtained from independent third parties including property agents; and
- (iv) the annual rental payments for Property II shall be no less favorable to the Group than the rental amounts offered by independent third parties of comparable premises.

Renewal : The 2024 Second Lease Agreement may be renewed by mutual consent of the parties, subject to satisfaction of all applicable disclosure requirements and obtaining of shareholders' approval (if required) under the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As the 2021 Lease Agreements will expire on 31 December 2024, the Group entered into the 2024 Lease Agreements to renew the terms of the 2021 Lease Agreements in order to continue to provide the Group with stable premises for its production and warehouse purposes.

Each of the 2024 Lease Agreements was entered into after arm's length negotiation. The Directors (including the independent non-executive Directors, and excluding Mr. Song Zhenghuan, Ms. Fu Jingqiu and Mr. Liu Tongyou who have abstained from voting on the relevant Board resolutions approving the 2024 Lease Agreements due to their interests in GGPX and GGCL) consider that the terms of the 2024 Lease Agreements are fair and reasonable, on normal commercial terms or better so far as the Shareholders are concerned and are in the interest of the Company and Shareholders as a whole.

INFORMATION ON THE PARTIES

(1) The Group

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

GCPC is an indirect wholly owned subsidiary of the Company. It 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 wholly-owned by GCPC and an indirect wholly owned subsidiary of the Company. It is principally engaged in the manufacture and sale of strollers, children's bicycles and tricycles, cribs, and other durable juvenile products.

(2) GGPX

GGPX is wholly-owned by GGCL which in turn is a company held as to approximately 67.11% by Mr. Song Zhenghuan and Ms. Fu Jingqiu, 19.56% by Mr. Wang Haiye and 13.33% by Mr. Liu Tongyou.

GGCL is an investment holding company and GGPX is principally engaged in leasing of its premises.

Each of GGCL and GGPX is an associate of Mr. Song Zhenghuan and Ms. Fu Jingqiu and a connected person of the Company.

LISTING RULES IMPLICATIONS

The right-of-use assets acquired under the 2024 Lease Agreements will be recognized by the Group in its consolidated statement of financial position in accordance with IFRS 16. Accordingly, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder will be deemed as an acquisition of right-of-use assets by the Group. The total value of the right-of-use assets is estimated to be approximately RMB45,560,243 (equivalent to HK\$49,275,625), which is calculated with reference to the gross rental payments under the 2024 Lease Agreements. As one or more of the applicable percentage ratios of the estimated value of the right-of-use assets to be recognized by the Company under the 2024 Lease Agreements are more than 0.1% but less than 5%, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“%”	per cent.
“2021 First Lease Agreement”	the agreement dated 29 November 2021 (as amended and supplemented from time to time) entered into between GCPX and GGPX in relation to the lease of Property I
“2021 Lease Agreements”	the 2021 First Lease Agreement and the 2021 Second Lease Agreement
“2021 Second Lease Agreement”	the agreement dated 29 November 2021 entered into between GCPC and GGPX in relation to the lease of Property II
“2024 First Lease Agreement”	the agreement dated 30 August 2024 entered into between GCPX and GGPX in relation to the lease of Property I

“2024 Lease Agreements”	the 2024 First Lease Agreement and the 2024 Second Lease Agreement
“2024 Second Lease Agreement”	the agreement dated 30 August 2024 entered into between GCPC and GGPX in relation to the lease of Property II
“Board”	the board 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) 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 and 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
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macao Special Administrative Region for the purpose of this announcement

“Property I”	collectively, 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 84,070.80 square metres with building ownership certificates of Ji (2019) Pingxiang County Real Estate Title No. 0000490, Ping Fang Quan Zheng Qi Qu 03 Zi Nos. 704-705 and 707-709 for the purposes of the 2021 First Lease Agreement; and the premises situated on the south side of the eastern section of Zhonghua Road, Pingxiang County, Hebei Province, PRC of a total of 82,669.50 square metres with building ownership certificates of Ji (2019) Pingxiang County Real Estate Title No. 0000490, Ping Fang Quan Zheng Qi Qu 03 Zi Nos. 704-705 and 707-708 for the purposes of the 2024 First Lease Agreement
“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 11,699.17 square metres with building ownership certificate of Ji (2019) Pingxiang County Real Estate Title No. 0000490
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	ordinary shares of nominal value HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *For identification purpose only*

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

Hong Kong, 30 August 2024

As at the date of this announcement, the executive Directors are Mr. SONG Zhenghuan, Mr. LIU Tongyou and Mr. Martin POS; 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.