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China Child Care Corporation Limited
中國兒童護理有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1259)

**DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION
OF 51% ISSUED SHARE CAPITAL OF
MARVEL PARAMOUNT HOLDINGS LIMITED**

THE ACQUISITION

The Board is pleased to announce that on 8 December 2016 (after trading hours), the Company, the Vendor and the Guarantor entered into the Acquisition Agreement in relation to the sale and purchase of the Sale Shares, representing 51% of the issued share capital of the Target Company for a consideration of HK\$117,300,000 in cash, subject to downward adjustment.

To the best knowledge, information and belief of the Directors of the Company, having made all reasonable enquiries, the Vendor, the Guarantor and its ultimate beneficial owner, are Independent Third Parties.

LISTING RULE IMPLICATIONS

As one of the applicable percentage ratios are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements under the Listing Rules.

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THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are summarised as follows:

Date:

8 December 2016 (after trading hour)

Parties:

- (i) Purchaser: China Child Care Corporation Limited, the Company
- (ii) Vendor: Taupe Overseas Limited
- (iii) Guarantor: Mr. Shen Zongping, being the sole shareholder of the Vendor

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor, the Guarantor and their ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Acquisition Agreement, the Vendor agreed to sell and the Company agreed to purchase the Sale Shares, being 51% of the issued share capital of the Target Company.

Consideration

The consideration shall be HK\$117,300,000 and shall be payable by the Company to the Vendor in cash on date of Completion. The consideration will be funded by the internal resources of the Group.

The consideration was determined after arm's length negotiations between the Company and the Vendor and was determined with reference to the followings: (i) the business development and future prospects of the Target Group; and (ii) the Guaranteed Profit.

Profit Guarantee

Pursuant to the Acquisition Agreement, the Vendor guarantees to the Company that the net profit after tax of the Target Group (based on its audited financial statements) for each of the two financial years ending 31 March 2017 and 31 March 2018 shall be as follows:

- (i) For the financial year ending 31 March 2017: not less than HK\$8,000,000 for the whole financial year.
- (ii) For the financial year ending 31 March 2018: not less than HK\$16,000,000 for the whole financial year.

In the event that the accumulated Guaranteed Profit for the two financial years ending 31 March 2017 and 2018 (the “**Accumulated Guaranteed Profit**”) as set out above are met or satisfied, no compensation shall be paid by the Vendor to the Company.

In the event that the Target Group fails to meet the Accumulated Guaranteed Profit for the two financial years ending 31 March 2017 and 2018, the Vendor shall pay the Company a compensation (the “**Compensation**”) in cash, within 10 Business Days upon the Company serving a written notice

to the Vendor after the Company receiving the audited accounts for the year ending 31 March 2018 of the Target Group (or such other dates as the Company and the Vendor may from time to time mutually agree in writing). The Compensation shall be calculated in accordance with the following formula:

$$\text{Compensation} = \text{HK\$117,300,000} \times \left(1 - \frac{\text{the actual audited accumulated net profit after tax of the Target Group for the two financial years ending 31 March 2017 and 2018}^{\text{Note}}}{\text{HK\$24,000,000, being the Accumulated Guaranteed Profit}} \right)$$

Note: If the Target Group recorded audited accumulated net loss after tax for the two financial years ending 31 December 2017 and 2018, the denominator shall be equivalent to zero.

In the event that the Vendor has to, but fails to, pay the Company Compensation in cash within the time limit as set out above, the Vendor shall pay the Company an interest at a rate of 5% per annum calculated with reference to such outstanding amount of Compensation, until the Vendor has repaid all the amount due.

Completion

Completion shall take place within seven Business Days from the date of the Acquisition Agreement (or such other dates as the Company and the Vendor may agree).

Upon Completion, each member of the Target Group will become non wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated with the results of the Group.

Guarantee by the Guarantor

The Guarantor joined as a party to the Acquisition Agreement to guarantee the due and punctual performance by the Vendor of its obligations under the Acquisition Agreement.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. The Target Company holds entire issued share capital of the Target Subsidiary. The Target Subsidiary is principally engaged in operation of an online platform focusing on the children, babies and parents (the “CBP”) markets to provide marketing, marketing consulting and promotional service, e-commerce business and retail of CBP’s products in Hong Kong.

The Target Subsidiary operates an online CBP information platform at MyBB.com.hk and mobile app namely MyBB APP which offer forum, blog and updated information in relation to CBP to parents, pregnant women and women preparing for pregnancy. Up to now, it has over 400,000 registered

members. The Target Subsidiary also operates one retail store in Hong Kong and online stores for sale of CBP products for members in Hong Kong, PRC and Australia. The Target Subsidiary also engages in organising CBP-related marketing and promotional activities, playgroups and talks and publishes a monthly magazine namely “MyBB家fun號外” in Hong Kong.

The total assets and net assets of the Target Group as at 31 March 2016 was approximately HK\$1.0 million and HK\$0.3 million respectively. A summary of financial information of the Target Group for the two financial years ended 31 March 2016 are set out below:

	For the year ended 31 March 2015 HK\$'000	For the year ended 31 March 2016 HK\$'000
Profit before taxation	153	285
Profit after taxation	147	257

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the design and provision of a broad range of children’s personal care products, including skin care products, body and hair care products and oral care products under our own brands in the PRC, money lending business and trading of natural resources.

As disclosed in the interim report of the Company for the six months ended 30 June 2016, given the slowdown of China’s economic growth, and the consumption habits of Chinese consumers have been switched, including: (i) the switch of consumption patterns to electronic commerce and mobile Internet; and (ii) the decline of brand loyalty of consumers, the Group is prudent to the future performance of “Frog Prince” brand in children’s personal care product industry. The Group will make better use of internal resources to expand businesses of different scopes to make the Group’s business more diversified and to improve the profitability of the Group and the interests of shareholders more effectively. The Acquisition will enable the Company to expand its existing business to the operation of online information platform focusing on the CBP and retail and online stores for sale of related products. The Directors believe that can create synergy to existing business of the Group and broaden its revenue streams and bring greater return to the Shareholders.

The terms of the Acquisition Agreement were arrived at after arm’s length negotiations between the Company and the Vendor. The Directors consider that the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULE IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the proposed acquisition of the 51% of the issued share capital of the Target Company by the Company
“Acquisition Agreement”	the sale and purchase agreement dated 8 December 2016 for the proposed acquisition of the 51% of the issued share capital of the Target Company by the Company
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holiday in Hong Kong) on which banks in Hong Kong and the PRC are open for business
“Company”	China Child Care Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1259)
“Completion”	the completion of the Acquisition in accordance with the terms of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guaranteed Profit”	the net profit after tax of the Target Group of HK\$8,000,000 for the financial year ending 31 March 2017 and HK\$16,000,000 for the financial year ending 31 March 2018 that the Vendor guarantees to the Company pursuant to the Acquisition Agreement
“Guarantor”	Mr. Shen Zongping, being the sole shareholder of the Vendor

“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a party independent of and not connected with the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	25,500 shares of the Target Company, being 51% of the issued share capital of the Target Company
“Shareholder(s)”	holder(s) of share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Marvel Paramount Holdings Limited, a company incorporate in the British Virgin Islands with limited liability and is wholly-owned by the Vendor
“Target Group”	collectively, Target Company and Target Subsidiary
“Target Subsidiary”	MyBB Media Company Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Target Company
“Vendor”	Taupe Overseas Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“%”	percentage

By Order of the Board
China Child Care Corporation Limited
Tsai Wallen
Chairman

Hong Kong, 8 December 2016

As at the date of this announcement, the Board comprises (i) four executive directors, namely Mr. Tsai Wallen, Mr. Ge Xiaohua, Mr. Huang Xinwen and Mr. Li Zhouxin; (ii) two non-executive directors, namely Mr. Ren Yunan and Mr. Li Zhenhui; and (iii) three independent non-executive directors, namely Mr. Tang Shuo, Mr. Tsao Benedict and Ms. Chan Sze Man.