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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 DISPOSAL OF A SUBSIDIARY

The Board is pleased to announce that, on 30 June 2018, the Vendor has entered into a Disposal Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase, the 80% equity interest of the Target Company, at a total cash consideration of RMB12.0 million.

Immediately after Completion, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial status of the Target Company will no longer be consolidated into the Company's financial statements upon Completion.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempted from the circular, Shareholder's approval and accountant's report requirements under the Listing Rules.

THE DISPOSAL

The Board is pleased to announce that, on 30 June 2018, the Vendor has entered into a Disposal Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase, the 80% equity interest of the Target Company, at a total cash consideration of RMB12.0 million. Principal terms of the Sale and Purchase Agreement are set out as below:

THE DISPOSAL AGREEMENT

Date : 30 June 2018

Parties : (i) The Vendor – 青蛙王子(中國)日化有限公司 (Frog Prince (China) Daily Chemicals Co., Limited*); and
(ii) The Purchaser – 絲耐潔(福建)口腔健康科技有限公司 (Snagatr (Fujian) Oral Health Technology Co., Limited*)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject matters

Pursuant to the Disposal Agreement, the Vendor has agreed to sell, and the Purchaser has conditionally agreed to purchase, the 80% equity interest in the Target Company.

Immediately after Completion, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial status of the Target Company will no longer be consolidated into the Company's financial statements upon Completion.

Consideration and payment terms

The Consideration for the Disposal is RMB12,000,000 which was arrived at after taking into consideration the net losses recorded and net assets position of the Target Company.

The Purchaser shall pay the Consideration to the Vendor in cash in the following manners:

- (1) as to RMB6,000,000 shall be payable in cash by the Purchaser to the Vendor within 5 Business Days after the signing of the Sale and Disposal Agreement; and
- (2) the remaining balance of RMB6,000,000 shall be payable in cash by the Purchaser to the Vendor after the completion of the registration of changes made arising from the Disposal by the Administration for Industry and Commerce of the PRC.

The Basis of the Consideration

The consideration was determined after arm's length negotiations between the Parties after taking into consideration of various factors, including (i) the reasons for the Disposal as discussed in the paragraph headed "Reasons For and Benefits of the Disposal" in this announcement; and (ii) the current financial position of the Target Company.

Completion

Completion of the Sale and Purchase Agreement took place on 30 June 2018 immediately after entering into the Sale and Purchase Agreement.

INFORMATION OF THE GROUP AND THE COMPANY

The principal activity of the Company is an investment holding. The subsidiaries of the Company are principally engaged in manufacture and sale of personal care products, money lending, operation of online platform, trading of commodities, securities investment, properties holding and investment holding.

INFORMATION OF THE PURCHASER

The Purchaser 絲耐潔(福建)口腔健康科技有限公司 (Snagatr (Fujian) Oral Health Technology Co., Limited*) is a company established in the PRC with limited liability. It is primarily engaged in the manufacture of toothbrush.

INFORMATION OF THE TARGET COMPANY

The Target Company 福建愛潔麗日化有限公司 (Fujian Azalli Daily Chemicals Limited*) is a company established in the PRC with limited liability and is an indirect non-wholly-owned subsidiary of the Company. It is principally engaged in the manufacture of toothpaste products.

The financial information of the Target Company prepared in accordance with the International Financial Reporting Standards for the two financial years ended 31 December 2016 and 31 December 2017 and for the five months ended 31 May 2018 is set out below:

	For the year ended 31 December 2016 RMB'000 (Audited)	For the year ended 31 December 2017 RMB'000 (Audited)	For the five months ended 31 May 2018 RMB'000 (Unaudited)
Turnover	56,186	52,980	29,536
Net profit (loss) before tax	(581)	1,430	(461)
Net profit (loss) after tax	(816)	953	(461)

As at 31 May 2018, the unaudited net assets of the Target Company amounted to approximately RMB14,787,000.

USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL

The Company intends to use the proceeds from the Disposal for developing its electronic product and other electronic component business.

The Group expected to record an unaudited loss of approximately RMB9,231,000 as a result of the Disposal, which represents the difference between (i) the Consideration; (ii) the sum of the Group's share of the unaudited net assets value of the Target Company as at 31 May 2018 of approximately RMB11,830,000 and the associated goodwill and the estimate expenses to be incurred from the Disposal.

The above figures are for illustrative purpose only. The actual loss in connection with the Disposal will be determined based on net consideration received, the financial position of the Target Company at Completion and subject to the review and final audit by the auditor of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group's current strategy is to focus its resources on business units which are likely to bring positive cash flow in the near term. Based on the past track records, the performance of the Target Company did not meet the management's expectations. Disposing the Target Company can help the Group to reduce the strain on cash flow and focus its resources on imminent cash generating units.

In view of the above, the Directors are of the opinion that the terms of the Disposal Agreement are fair and reasonable and the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempted from the circular, Shareholder's approval and accountant's report requirements under the Listing Rules.

DEFINITIONS

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

“Administration for Industry and Commerce”	State Administration for Industry and Commerce authorized under the laws of the PRC to carry out and administer registration of modification in relation to the Disposal Agreement or its local hands
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and Sunday) on which licensed banks in the PRC are open for general banking business
“Company”	China Child Care Corporation Limited, a company incorporated in Cayman Islands with limited liability, the issued of which are listed on the Stock Exchange
“Completion”	the completion of the Disposal
“Completion Date”	any date falling on the second Business Day immediately after the fulfilment of all the conditions precedent under the Disposal Agreement or such other date as the Vendor and the Purchaser may agree in writing
“connected person(s)”	has the meaning ascribed to it under Listing Rules
“Consideration”	RMB12,000,000, being the consideration payable by the Purchaser to the Vendor for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 80% equity interest in the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 30 June 2018 in connection with the sale and purchase of the 80% equity interest in the Target Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Purchaser”	絲耐潔(福建)口腔健康科技有限公司 (Snagatr (Fujian) Oral Health Technology Co., Limited*) is a company established in the PRC with limited liability
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	福建愛潔麗有限公司 (Fujian Azalli Daily Chemicals Limited*), prior to the Disposal, a company established in the PRC with limited liability and is an indirect non-wholly-owned subsidiary of the Company
“Vendor”	青蛙王子(中國)日化有限公司 (Frog Prince (China) Daily Chemical Co., Limited*), a WFOE established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“WFOE”	wholly foreign owned enterprise
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
China Child Care Corporation Limited
Tsai Wallen
Chairman and Executive Director

30 June 2018

* *for identification purposes only*

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Tsai Wallen, Mr. Huang Xinwen, and Mr. Ma Chi Ming, one non-executive Director, namely, Mr. Li Zhouxin and three independent non-executive Directors, namely, Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan.