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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
INVESTMENT IN INVESTMENT FUND

THE SUBSCRIPTION

The Board is pleased to announce that, on 20 March 2017 (after trading hours), the Company entered into the Subscription Agreement, pursuant to which the Company agreed to subscribe for an aggregate amount of HK\$110,000,000 of the Portfolio Shares.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription and the transactions contemplated thereunder exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 20 March 2017 (after trading hours), the Company entered into the Subscription Agreement, pursuant to which the Company agreed to subscribe for an aggregate amount of HK\$110,000,000 of the Portfolio Shares. The amount of Subscription was determined after arm's length negotiations between the Fund and the Company on normal commercial terms. The aggregate consideration for the Portfolio Shares was paid from the Group's internal resources.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarized as follows:

Date

20 March 2017 (after trading hours)

Parties

- (i) Subscriber : the Company
- (ii) Fund : Head and Shoulders Global Investment Fund SPC

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Fund, the Investment Manager, the Investment Advisor, the Portfolio Investment Manager and their ultimate beneficial owner(s) are Independent Third Parties.

Subscription Amount:

HK\$110,000,000

INFORMATION OF THE PORTFOLIO SHARES

- Fund name : Head and Shoulders Global Investment Fund SPC
- Place of incorporation : Cayman Islands
- Portfolio name : HS Value Conserve Segregated Portfolio
- Subscription price: HK\$1,000 per Portfolio Share
- Investment objective : The investment objective of the Portfolio is to achieve attractive returns under various market situations and focusing on both short term and long term investment opportunities.
- Investment strategy : The Portfolio Investment Manager will not follow a rigid investment policy that limits it from participating in any market, strategy or investment. There will be no specific limit for investment in single item of investment. The Portfolio Investment Manager seeks to achieve the investment objective by investing in a diversified portfolio of investment products, which may include but not limited to equities, fixed income instruments, derivatives, structured products and foreign exchange contracts across global markets.
- Investment Manager : Head and Shoulders (Cayman) Asset Management Limited
- Investment Advisor or Portfolio Investment Manager : Head and Shoulders Asset Management Limited

- Redemption : Subject to the Lock Up Period, Portfolio Shares may be redeemed on any redemption day at the redemption price.
- Redemption fee : Subject to the absolute discretion of the directors of the Fund or their delegates either in any particular case or generally, redemption may be subject to a redemption fee of a sliding scale calculated as follows and payable to the Portfolio:
- (a) 6% of the redemption price per Portfolio Share for any Portfolio Share redeemed before the first anniversary of the date of its issuance; and
 - (b) 4% of the redemption price per Portfolio Share for any Portfolio Share redeemed on or after the first anniversary but before the second anniversary of the date of its issuance.
- Any Portfolio Share redeemed after the second anniversary of the date of its issuance will not be subject to any redemption fee.
- Transfer : Portfolio Shares may not be transferred without the approval of the directors of the Fund, which consent may be withheld by the directors of the Fund in their absolute discretion.
- Payment of dividends : The directors of the Fund, in consultation with the Investment Manager, may declare a dividend in respect of the Portfolio Shares at any time in the future if they consider it appropriate to do so.
- Subscription fee : Subject to the absolute discretion of the directors of the Fund, subscription may be subject to a subscription fee of up to 3% of the amount initially invested.
- Management fee : 1% per annum of the net asset value attributable to the Portfolio Shares as at the valuation point on last valuation day of each calendar month (before the deduction of the management fee and performance fee), payable to the Investment Manager semi-annually in arrears

Performance fee : 10% of the appreciation in the net asset value per Portfolio Share, during each performance period, above the greater of (i) HK\$1,000; and (ii) the net asset value per Portfolio Share in effect immediately after the end of the performance period, payable to the Investment Manager quarterly in arrears

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company and the Group is principally engaged in 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, operation of an online platform focusing on the children, babies and parents markets, money lending business, trading of natural resources and investment in securities. The Company has been actively seeking new business opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Company and its shareholders' value.

The Directors are of the view that the Subscription provides the Group with a good investment opportunity. Having considered the investment objectives and strategy of the Portfolio, the Directors are of the view that the Subscription is an attractive investment which will provide satisfactory return. The Directors consider that the Subscription Agreement was entered into on normal commercial terms.

The Directors are of the view that the terms of the Subscription are fair and reasonable and the Subscription is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription and the transactions contemplated thereunder exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Child Care Corporation Limited (中國兒童護理有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Fund”	Head and Shoulders Global Investment Fund SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party (ies)”	party (ies) independent of and not connected with the Company and its connected persons
“Investment Advisor”	Head and Shoulders Asset Management Limited
“Investment Manager”	Head and Shoulders (Cayman) Asset Management Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Lock Up Period”	2 years from the date of issuance of the Portfolio Shares, except to the extent waived or reduced by the directors of the Fund or their delegates, either in any particular case or generally
“Portfolio”	HS Value Conserve Segregated Portfolio, a segregated portfolio of the Fund
“Portfolio Investment Manager”	Head and Shoulders Asset Management Limited
“Portfolio Share(s)”	non-voting participating share(s) of US\$0.01 par value each in the capital of the Fund redeemable either at the option of the holder thereof or by the Fund
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Portfolio Shares in the principal amount of HK\$110,000,000 pursuant to the Subscription Agreement

“Subscription Agreement” the subscription agreement dated 20 March 2017 entered into between the Company and the Fund in relation to the Subscription

“%” per cent

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

Hong Kong, 20 March 2017

As at the date of this announcement, the Board comprises (i) five executive directors, namely Mr. Tsai Wallen, Mr. Ge Xiaohua, Mr. Huang Xinwen, Mr. Li Zhouxin and Mr. Ma Chi Ming; (ii) one non-executive director, namely Mr. Ren Yunan; and (iii) three independent non-executive directors, namely Ms. Chan Sze Man, Mr. Tsao Benedict, and Mr. Ma Kwai Yung Stephen.