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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Revenue decreased by about 27.1% over the same period in 2017 to approximately RMB266.1 million.

Gross profit decreased by about 55.2% over the same period in 2017 to approximately RMB60.4 million. Gross profit margin decreased by around 14.3 percentage points over the same period in 2017 to about 22.7%.

Loss attributable to the equity holders of the Company for the period amounted to approximately RMB51.0 million, as compared with loss attributable to equity holders of the Company amounting to approximately RMB32.5 million over the same period in 2017.

Basic loss per share attributable to the equity holders of the Company was approximately RMB4.4 cents, basic loss per share attributable to equity holders of the Company for the same period in 2017 was approximately RMB3.1 cents.

The board of directors (the "**Board**") of China Child Care Corporation Limited (the "**Company**") hereby presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2018 together with the unaudited comparative figures for the corresponding period in 2017 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
REVENUE	*4*	**266,055**	364,834
Cost of sales		**(205,623)**	(229,899)
Gross profit		**60,432**	134,935
Other income and gains	*5*	**4,040**	113,211
Selling and distribution expenses		**(26,842)**	(184,974)
Administrative expenses		**(60,839)**	(73,684)
Other expenses	*6*	**(12,973)**	(15,822)
Finance costs	*7*	**(4,896)**	(1,630)
Share of loss of associates		**(4,622)**	–
Share of loss of joint ventures		**(461)**	–
Loss before tax	*8*	**(46,161)**	(27,964)
Income tax expenses	*9*	**(1,750)**	(2,517)
Loss for the period		**(47,911)**	(30,481)
(Loss)/profit for the period attributable to:			
Equity holders of the Company		**(50,998)**	(32,492)
Non-controlling interests		**3,087**	2,011
Loss for the period		**(47,911)**	(30,481)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2018

	Notes	Six months ended 30 June **2018** *RMB'000* **(unaudited)**	2017 *RMB'000* (unaudited)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Mainland China		**12,583**	(7,730)
		12,583	(7,730)
Items that may not be reclassified to profit or loss in subsequent periods:			
Decrease in investment revaluation reserve from:			
– Loss on change in fair value of financial assets at fair value through other comprehensive income, net of tax		**(30,835)**	–
Deferred tax liabilities taken to retained profits on disposal of properties		**–**	2,386
		(30,835)	2,386
Other comprehensive expense for the period		**(18,252)**	(5,344)
Total comprehensive expense for the period		**(66,163)**	(35,825)
Total comprehensive (expense)/income attributable to:			
Equity holders of the Company		**(66,286)**	(36,404)
Non-controlling interests		**123**	579
		(66,163)	(35,825)
Loss per share attributable to equity holders of the Company	*11*		
Basic		**RMB(4.4) cents**	RMB(3.1) cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	**30 June 2018** *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**374,348**	402,050
Prepaid land lease payments		**13,460**	13,630
Investment properties		**96,075**	95,272
Properties for development		**139,061**	137,297
Goodwill		**53,957**	63,314
Intangible assets		**–**	530
Interests in associates		**3,079**	7,700
Interests in joint ventures		**–**	–
Financial assets at fair value through other comprehensive income		**178,578**	–
Available-for-sale investments		**–**	202,119
Loan and interest receivables	*12*	**98,131**	99,495
Prepayments and deposits		**68**	7,245
		956,757	1,028,652
CURRENT ASSETS			
Inventories		**39,680**	31,967
Loan and interest receivables	*12*	**91,095**	105,887
Trade and bills receivables	*13*	**104,201**	113,164
Prepayment, deposits and other receivables		**136,887**	37,834
Financial assets at fair value through profit or loss		**500**	–
Amounts due from related companies		**7,056**	9,748
Amount due from an associate		**58,867**	40,067
Amount due from a joint venture		**6,070**	6,462
Amounts due from non-controlling interests		**633**	1,663
Tax recoverable		**131**	129
Pledged bank deposits		**127,170**	127,118
Cash and cash equivalents		**153,034**	222,691
		725,324	696,730
Asset classified as held for sale		**–**	6,246
		725,324	702,976

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2018

	Note	**30 June 2018** *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
CURRENT LIABILITIES			
Trade and bills payables	*14*	**63,599**	71,451
Other payables and accruals		**48,217**	43,606
Bank and other borrowings		**162,992**	164,966
Promissory notes payable		**13,082**	22,872
Amounts due to associates		**81,945**	79,982
Amount due to a joint venture		**120**	4
Amount due to non-controlling interest		**785**	762
Amount due to a director		**405**	–
Tax payable		**17,792**	13,644
		388,937	397,287
NET CURRENT ASSETS		**336,387**	305,689
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,293,144**	1,334,341
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**(22,254)**	(18,760)
		1,270,890	1,315,581
EQUITY			
Share capital		**11,649**	9,694
Reserves		**1,177,519**	1,220,176
Equity attributable to equity holders of the Company		**1,189,168**	1,229,870
Non-controlling interests		**81,722**	85,711
		1,270,890	1,315,581

Notes:

1. CORPORATE INFORMATION

China Child Care Corporation Limited was incorporated as an exempted company with limited liability in the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at Room 2005-2006, Kinwick Centre, 32 Hollywood Road, Central, Hong Kong. The Company's principal place of business in the People's Republic of China (the "**Mainland China**" or the "**PRC**") is located at No. 8, North Wuqiao Road, Lantian Economic Development Zone, Zhangzhou City, Fujian Province, the PRC.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting issued by the International Accounting Standards Board and the applicable disclosure requirements under Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Other than the changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRS**"), the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2017.

In the current period, for the first time, the Group has applied the following new and amendments to the IFRSs issued by the International Accounting Standard Board. These IFRSs are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's unaudited condensed consolidated financial statements.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 1 and IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

IFRS 9 Financial Instruments

IFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting.

Equity investments previously classified as available-for-sale

The Group elected to present other comprehensive income changes in fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. The equity investments designated as at fair value through comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognised in other comprehensive income, and accumulated in the related revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss included in revaluation reserve will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits or will continue to be held in the revaluation reserve.

As a result, the equity investments with a fair value of RMB202,119,000 at 31 December 2017 were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income on 1 January 2018.

Other than the effect on IFRS 9 as disclosed above, the adoption of the above new or revised IFRSs did not have a material impact on the Group's unaudited condensed consolidated interim financial information.

The Group has not applied any new or revised IFRSs that have been issued but are not yet effective for current accounting period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following operating segments based on their products and services:

(a) Personal care products – manufacture and sale of skin care, body and hair care, oral care and diaper and tissue products

(b) Money lending

(c) Operation of online platform

(d) Trading of commodities

(e) Securities investment

(f) Properties holding

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income derived from banks, other unallocated income and gains, finance costs as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude unallocated property, plant and equipment, prepayments, deposits and other receivables, financial assets at fair value through other comprehensive income, tax recoverable, pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude unallocated other payables and accruals, bank and other borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Personal care products *RMB'000*	Money lending *RMB'000*	Operation of online platform *RMB'000*	Trading of commodities *RMB'000*	Securities investment *RMB'000*	Properties holding *RMB'000*	Total *RMB'000*
Six months ended 30 June 2018 (unaudited)							
Segment revenue:							
Sales to external customers	**153,871**	**16,609**	**8,838**	**84,898**	**–**	**1,839**	**266,055**
Segment (loss) profit	**(30,834)**	**4,395**	**6,376**	**(283)**	**(64)**	**365**	**(20,045)**
Interest income							**1,905**
Other unallocated income and gains							**2,304**
Loss on disposal of a subsidiary	**(9,004)**						**(9,004)**
Corporate and other unallocated expenses							**(16,425)**
Finance costs							**(4,896)**
Loss before tax							**(46,161)**

	Personal care products *RMB'000*	Money lending *RMB'000*	Operation of online platform *RMB'000*	Trading of commodities *RMB'000*	Securities investment *RMB'000*	Properties holding *RMB'000*	Total *RMB'000*
Six months ended 30 June 2017 (unaudited)							
Segment revenue:							
Sales to external customers	247,173	16,253	8,924	92,316	–	168	364,834
Segment (loss) profit	(129,197)	7,524	6,560	3,962	(10)	(7,350)	(118,511)
Interest income							4,824
Other unallocated income and gains							947
Gain on disposal of subsidiaries	95,586						95,586
Gain on change in fair value of financial assets at fair value through profit or loss							6,943
Corporate and other unallocated expenses							(16,123)
Finance costs							(1,630)
Loss before tax							(27,964)

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Personal care products *RMB'000*	Money lending *RMB'000*	Operation of online platform *RMB'000*	Trading of commodities *RMB'000*	Securities investments *RMB'000*	Properties holding *RMB'000*	Total *RMB'000*
As at 30 June 2018 (unaudited)							
Segment assets	**613,844**	**189,774**	**66,980**	**89,426**	**162,451**	**236,055**	**1,358,530**
Corporate and other unallocated assets							**323,551**
Total assets							**1,682,081**
Segment liabilities	**175,423**	**2,297**	**104**	**1,695**	**254**	**2,268**	**182,041**
Corporate and other unallocated liabilities							**229,150**
Total liabilities							**411,191**

	Personal care products *RMB'000*	Money lending *RMB'000*	Operation of online platform *RMB'000*	Trading of commodities *RMB'000*	Securities investments *RMB'000*	Properties holding *RMB'000*	Total *RMB'000*
As at 31 December 2017 (audited)							
Segment assets	633,463	216,978	70,673	3,278	185,708	239,694	1,349,794
Corporate and other unallocated assets							381,834
Total assets							1,731,628
Segment liabilities	171,961	14,739	166	29	185	2,007	189,087
Corporate and other unallocated liabilities							226,960
Total liabilities							416,047

4. REVENUE

The following is an analysis of the Group's revenue for the period:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from sales of goods	**238,769**	339,489
Interest income from money lending business	**16,609**	16,253
Income from operation of online platform	**8,838**	8,924
Rental income from investment properties	**1,839**	168
	266,055	364,834

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**1,905**	4,824
Income derived from financial assets at fair value through profit or loss	**399**	–
Income derived from available-for-sale investments	**–**	796
Gain on disposal of subsidiaries	**–**	95,586
Gain on change in fair value of financial assets at fair value through profit or loss	**–**	6,943
Reversal of impairment loss on trade receivables	**–**	4,053
Government subsidies*	**619**	736
Rental income	**285**	–
Others	**832**	273
	4,040	113,211

* There are no unfulfilled conditions or contingencies relating to these subsidies.

6. OTHER EXPENSES

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	**2,580**	1,929
Impairment loss on loan and interest receivables	**488**	–
Trade receivables written off	**232**	6,343
Loss on early redemption of a promissory note	**104**	–
Loss on disposal of a subsidiary	**9,004**	–
Loss on change in fair value of investment properties	**406**	7,518
Others	**159**	32
	12,973	15,822

7. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**2,586**	1,630
Interest on other borrowings	**2,174**	–
Imputed interest on promissory notes payable	**136**	–
	4,896	1,630

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold (note a below)	**205,623**	228,627
Depreciation (note a below)	**18,066**	16,186
Amortisation of prepaid land lease payments	**170**	170
Amortisation of intangible assets	**36**	29
Minimum lease payments under operating leases on land and buildings	**1,966**	1,172
Direct operating expenses arising from investment properties	**618**	–
Employee benefit expenses (including directors' remuneration and note a below):		
Wages and salaries	**26,975**	47,579
Equity-settled share option expense	**601**	4,404
Retirement benefit scheme contributions	**3,497**	5,472
Total staff costs	**31,073**	57,455
Research and development costs (note b below)	**5,586**	5,633
Net foreign exchange loss	**5,290**	6,047

Note:

(a) The depreciation and employee benefits expenses included amounts of RMB10,556,000 (2017: RMB10,209,000) and RMB7,333,000 (2017: RMB15,235,000) respectively which are also included in the cost of inventories sold.

(b) The research and development costs for the six months ended 30 June 2018 include an amount of RMB408,000 (six months ended 30 June 2017: RMB1,309,000) relating to staff costs for research and development activities, which is also included in the total amounts of employee benefit expenses.

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Hong Kong profits tax	**1,951**	2,974
PRC Enterprise Income tax	**11**	480
	1,962	3,454
Deferred tax	**(212)**	(937)
Total income tax recognised in profit or loss	**1,750**	2,517

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods presented.

PRC subsidiaries, except for 青蛙王子(中國)日化有限公司 ("**Frog Prince (China)**") are subject to PRC Enterprise Income Tax at 25% of the profit assessable to tax for both of the periods presented.

Pursuant to the High-New Technology Enterprise certificate granted by the local authority in the PRC, which was obtained by the Group in April 2014, a subsidiary, Frog Prince (China), was taxed at a preferential tax rate of 15% for a period of three years commencing from the year ended 31 December 2013. During the prior year ended 31 December 2016, Frog Prince (China) was granted tax preferential rate of 15% in respect of PRC Enterprise Income Tax for an additional three years commencing from that year.

10. DIVIDEND

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividend declared	**–**	–

The directors of the Company do not recommend any payment of interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share attributable to the equity holders of the Company is based on loss for the period of approximately RMB50,998,000 (2017: RMB32,492,000) and the weighted average number of 1,163,556,000 (2017: 1,041,551,000) ordinary shares in issue during the six months ended 30 June 2018.

Diluted loss per share for both of the periods are not presented as the effects of potential shares issuable arising from exercise of share options are regarded anti-dilutive.

12. LOAN AND INTEREST RECEIVABLES

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Loan and interest receivables thereon		
– within one year	**91,095**	105,887
– in the second to fifth year	**85,368**	83,253
– over five years	**12,763**	16,242
	189,226	205,382
Analysed for reporting as:		
Non-current asset	**98,131**	99,495
Current asset	**91,095**	105,887
	189,226	205,382

Movement during the period/year are as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
At beginning of the period/year	**205,382**	125,341
Loans made by the Group	**48,311**	347,964
Interest on loan receivables	**16,609**	31,820
Loan and interest repaid by borrowers	**(82,530)**	(287,432)
Impairment loss of loan and interest receivables	**(488)**	–
Exchange realignment	**1,942**	(12,311)
At end of the period/year	**189,226**	205,382

13. TRADE AND BILLS RECEIVABLES

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade and bills receivables	**104,452**	113,415
Less: allowance for doubtful debts	**(251)**	(251)
	104,201	113,164

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days to 180 days (31 December 2017: 30 days to 180 days).

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non interest bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days	**33,566**	24,228
31 to 60 days	**13,664**	18,207
61 to 90 days	**8,613**	24,940
Over 90 days	**48,358**	45,789
	104,201	113,164

14. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days	**25,420**	46,795
31 to 90 days	**19,877**	10,026
Over 90 days	**18,302**	14,630
	63,599	71,451

The trade payables are non interest bearing and are normally settled on terms of 30 days to 180 days (31 December 2017: 30 days to 180 days).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Personal Care Products

During the period under review, the revenue from personal care products of China Child Care Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") was approximately RMB153.9 million, representing a decrease of about 37.7% over the same period of last year (30 June 2017: RMB247.2 million). The personal care products business recorded a loss of approximately RMB30.8 million during the period under review as compared with loss of approximately RMB129.2 million for the period ended 30 June 2017.

The deconsolidation (the "**Deconsolidation**") of Fujian Herun Supply Chain Management Co., Ltd. (福建和潤供應鏈管理有限公司) ("**Fujian Herun**") from the Company's consolidated financial statements and the equity method of accounting for the Group's remaining 30% equity interest in Fujian Herun in the first half of 2017 result in decrease in revenue of personal care products segment.

The continue loss was primarily due to the decrease in the revenue of personal care products segment due to slowdown of economy in the People's Republic of China (the "**PRC**") and the change in consumers' consumption habits to electronic commerce.

Money Lending Business

During the reporting period, this business segment generated interest income of approximately RMB16.6 million, representing an increase of about 2.2% over the same period of last year (30 June 2017: RMB16.3 million) and recorded a segment profit of approximately RMB4.4 million during the reporting period, representing decrease of about 41.6% over the same period of last year (30 June 2017: RMB7.5 million).

As at 30 June 2018, the Group has outstanding (i) unsecured loan of approximately RMB25.7 million with average effective interest rate of approximately 42.96% per annum with terms ranging from 2 months to 60 months; and (ii) mortgage loan of approximately RMB149.0 million with average effective interest rate of approximately 15.45% per annum with terms ranging from 3 months to 240 months. The mortgage loans granted by the Group were typically secured by mortgages, charge on shares or charge on assets. In the event of default or failure to repay any outstanding amounts by the debtors, the Group has the right to proceed with sale of collaterals.

The Group observed that there is an increasing number of property owners, who have proven income and repayment capability, having difficulties in getting financing from the banking system due to the tight restriction and stress test by Hong Kong Monetary Authority, and the Group is of the view that an expansion of its money lending business through participation of the provision of personal loans and mortgage loans could allow the Group to take the opportunity to enjoy the potential benefits brought by such financing contraction.

Operation of Online Platform

During the period under review, the operation of online platform focusing on the children, babies and parents (the "**CBP**") contributed a total revenue of approximately RMB8.8 million to the Group, representing a decrease of about 1.0% over the same period of last year (30 June 2017: RMB8.9 million), and recorded a profit of approximately RMB6.4 million, representing a decrease of about 2.8% over the same period of last year (30 June 2017: RMB6.6 million).

Trading of Commodities

During the reporting period, the trading of commodities contributed a total revenue of approximately RMB84.9 million to the Group, representing a decrease of about 8.0% over the same period of last year (30 June 2017: RMB92.3 million). The decrease was mainly due to no palm oil trading revenue was recorded in 2018 (30 June 2017: RMB84.4 million). Starting from the fourth quarter of 2017, the Group commenced the sale of electronic products and other electronic components which contributed approximately RMB75.9 million to the Group (2017: Nil). The trading of beverages and trading of other commodities contributed approximately RMB2.6 million and RMB6.4 million to the Group respectively (2017: RMB7.9 million and Nil respectively). Starting from June 2018, the Group commenced the auto parts trading business, the trading of auto parts contributed approximately RMB2,000 to the Group for the reporting period (2017: Nil).

The business of trading of commodities recorded a loss of approximately RMB0.3 million (30 June 2017: profit of approximately RMB3.9 million).

Securities Investment

The Group's securities investment business includes investment in listed securities and private unlisted fund for long-term purposes.

As at 30 June 2018, the Group had a portfolio of securities investment of approximately RMB91.6 million and all of which were equity securities listed in Hong Kong and unlisted investment fund of approximately RMB70.8 million. For the reporting period, the Group recorded a net unrealised loss of approximately RMB23.3 million which was included in the statement of other comprehensive income (30 June 2017: RMB10,000).

Details of the investments and unrealised fair value change of equity securities listed in Hong Kong and the unlisted fund are as follows:

Company name (Stock code)	**% of shareholding of the respective shares as at 30 June 2018**	**Change in fair value for the period ended 30 June 2018**	**Fair value as at 30 June 2018**	**% to the total assets of the Group as at 30 June 2018**
		RMB'000	*RMB'000*	
Listed securities				
International Entertainment Corporation (1009)	0.97	(4,999)	16,267	0.97
LEAP Holdings Group Limited (1499)	1.48	25,040	55,860	3.32
China Baoli Technologies Holdings Limited (164)	0.26	(2,569)	6,444	0.38
Singasia Holdings Limited (8293)	0.04	5,595	13,032	0.77
Unlisted fund				
Head and shoulders Global investment Fund SFC	N/A	(46,324)	70,811	4.21

The Group will continue to be cautious in making new investments in financial assets under current economic fluctuation and is aimed to maintain and grow its portfolio value in future.

The securities investment business recorded a loss of approximately RMB64,000 (30 June 2017: RMB10,000).

Properties Holding

In the second quarter of 2017, the Group acquired the entire issued share capital of Apex Magic International Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, from an independent third party (the "**Acquisition of Apex Magic**"). Apex Magic International Limited and its subsidiaries (the "**Acquired Group**") are principally engaged in properties holding. The assets of the Acquired Group mainly consist of the lands and the properties located in Yuen Long, Hong Kong. The property prices in Yuen Long in both the first-hand and second-hand markets dramatically increased in recent years and are expected to increase continuously in the near future. The Group is optimistic about the development of property market in Hong Kong due to shortage in supply of land and therefore, has been identifying the potential property investment and development opportunities in Hong Kong. It is the intention of the Company that the properties erected on all the lands owned by the Acquired Group shall be demolished and such lands be redeveloped. Relevant applications have been made to the Government and to the best knowledge, information and belief of the directors of the Company, there is no legal impediment in obtaining the relevant approval from the government.

On 21 September 2017, the Group acquired the entire issued share capital of Earn Rich Properties Limited ("**Earn Rich**"), a company incorporated in Hong Kong with limited liability on 28 March 2017 (the "**Acquisition of Earn Rich**"). Since its incorporation, Earn Rich has not carried on any business except for entering into a provisional agreement (the "**Provisional Agreement**") with Nice Source Properties Limited's owners (the "**Nice Source Owners**"), pursuant to which Earn Rich agreed to acquire from the Nice Source Owners the entire share capital of Nice Source Properties Limited ("**Nice Source**") for a consideration of HK$90,800,000, and it is intended that Earn Rich will be principally engaged in investment holding.

Nice Source was holding the properties located at Workshop C6 on G/F of Block C and Workshop C7 on 1/F of Block C, Hong Kong Industrial Centre, Nos. 489–491 Castle Peak Road, Kowloon with an aggregate gross floor area of approximately 6,086 sq. ft..

The Provisional Agreement was completed on 11 December 2017.

The directors of the Company (the "**Directors**") believe that the Acquisition of Apex Magic and the Acquisition of Earn Rich can further expand the Group's business, broaden its revenue streams and bring a greater return to the shareholders of the Company (the "**Shareholders**").

The Properties Holding business recorded a segment profit of approximately RMB0.4 million during the reporting period (30 June 2017: loss of approximately RMB7.4 million).

FINANCIAL REVIEW

Turnover

During the reporting period, the turnover of the Group was approximately RMB266.1 million, representing a decrease of about 27.1% over the same period of last year (for the period ended 30 June 2017: RMB364.8 million).

The revenue from personal care products of the Group was approximately RMB153.9 million, representing a decrease of about 37.7% over the same period of last year (for the period ended 30 June 2017: RMB247.2 million).

The money lending business contributed a total revenue of approximately RMB16.6 million, representing an increase of about 2.2% over the same period of last year (for the period ended 30 June 2017: RMB16.3 million).

The Group's business segment of the operation of online platform contributed a total revenue of approximately RMB8.8 million, representing a decrease of about 1.0% over the same period of last year (for the period ended 30 June 2017: RMB8.9 million).

The Group's business segment of trading of commodities contributed a total revenue of approximately RMB84.9 million, representing a decrease of about 8.0% over the same period of last year (for the period ended 30 June 2017: RMB92.3 million).

The Group's business segment of properties holding contributed a total revenue of approximately RMB1.9 million to the Group (for the period ended 30 June 2017: RMB168,000).

Gross Profit and Gross Profit Margin

Gross profit of the Group for the reporting period was approximately RMB60.4 million, representing a decrease of about 55.2% as compared with RMB134.9 million for the period ended 30 June 2017.

During the reporting period, the gross profit margin decreased by around 14.3 percentage points over the same period of last year to about 22.7 percentage points (for the period ended 30 June 2017: 37.0%). The decrease in overall gross profit margin was primarily due to the lower gross profit margin for the business of personal care products and trading of commodities.

The total gross profit for personal care products was about RMB32.8 million for the reporting period, representing a decrease of about 69.3% as compared with about RMB106.9 million for the period ended 30 June 2017. Gross profit margin decreased to about 21.4%, representing a decrease of about 21.8 percentage points compared with the same period of last year. The decrease was mainly due to the increased discount provided to distributors and after the Deconsolidation of Fujian Herun, the Group's personal care products changes from manufacturing to OEM business which results in decrease of the gross profit of personal care products segment.

The gross profit for money lending business for the reporting period was about RMB16.6 million (for the period ended 30 June 2017: RMB16.3 million).

The gross profit for operation of online platform for the reporting period was about RMB8.1 million (for the period ended 30 June 2017: RMB7.7 million).

The gross profit for trading of commodities for the reporting period was about RMB1.0 million (for the period ended 30 June 2017: RMB3.9 million) and the gross profit margin was about 1.2% (for the period ended 30 June 2017: 4.3%).

The gross profit for properties holding for the reporting period was about RMB1.9 million (for the period ended 30 June 2017: RMB168,000).

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising expenses, marketing and promotion expenses, transportation costs and other expenses. Selling and distribution expenses amounted to approximately RMB26.8 million for the reporting period, representing a decrease of about 85.5% as compared with about RMB185.0 million for the period ended 30 June 2017.

The selling and distribution expenses accounted for about 10.1% of the revenue during the reporting period (for the period ended 30 June 2017: 50.7%), among which, advertising and promotion expenses, as a percentage of revenue, decreased from 39.4% for the period ended 30 June 2017 to about 4.6% for the period ended 30 June 2018, representing a decrease of about 34.8 percentage points. The transportation expenses and other expenses, as a percentage of revenue, decreased about 6.1 percentage points to about 5.2% for the reporting period as compared with the same period of 2017 (for the period ended 30 June 2017: 11.3%).

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation, share option expenses and other expenses. Administrative expenses of the Group amounted to approximately RMB60.8 million for the reporting period (for the period ended 30 June 2017: RMB73.7 million), representing a decrease of about 17.4% over the same period of last year.

The administrative expenses decreased mainly due to the deconsolidation of Fujian Herun and decrease in the share option expenses for the period. Administrative expenses accounted for about 22.9% of the Group's revenue for the reporting period (for the period ended 30 June 2017: 20.2%).

Finance Costs

The Group had finance costs of approximately RMB4.9 million for the period ended 30 June 2018 (for the period ended 30 June 2017: RMB1.6 million).

Acquisition of Subsidiaries

In the second quarter of 2017, the Group acquired the entire issued share capital of Apex Magic International Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, from an independent third party. The Acquired Group is principally engaged in properties holding. The assets of the Acquired Group mainly consist of the lands and the properties located in Yuen Long, Hong Kong. The consideration of the said acquisition was RMB71,192,000, of which RMB22,115,000 was paid in cash and RMB49,077,000 was paid by consideration shares of the Company.

In the fourth quarter of 2017, the Group acquired the entire issued share capital of Earn Rich, a company incorporated in Hong Kong with limited liability on 28 March 2017 from an independent third party. Since its incorporation, Earn Rich has not carried on any business except for entering into the Provisional Agreement with Nice Source Owners, pursuant to which Earn Rich agreed to acquire from the Nice Source Owners the entire share capital of Nice Source for a consideration of HK$90,800,000, and it is intended that Earn Rich will be principally engaged in investment holding.

Nice Source was holding the properties located at Workshop C6 on G/F of Block C and Workshop C7 on 1/F of Block C, Hong Kong Industrial Centre, Nos. 489–491 Castle Peak Road, Kowloon with an aggregate gross floor area of approximately 6,086 sq. ft..

The Provisional Agreement was completed on 11 December 2017. The consideration of the said acquisition was RMB83,599,000, of which RMB72,512,000 was paid in cash and RMB11,087,000 was paid by promissory notes of the Company.

In the fourth quarter of 2016, the Group acquired 51% of equity interests in Marvel Paramount Holdings Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, from an independent third party. Marvel Paramount Holdings Limited and its subsidiary are primarily engaged in the operation of an online platform focusing on the CBP markets, including the provision of marketing, marketing consulting and promotional service, e-commerce business and retail of CBP's products. The subsidiary operates an online CBP information platform at MYBB 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. MYBB also operates one retail store in Hong Kong and online stores for sales of CBP products for members in Hong Kong, PRC and Australia. MYBB also engages in organising CBP-related marketing and promotional activities, playgroups and talks in Hong Kong. The consideration of the said acquisition was RMB104,010,000, which was payable in cash and subject to downward adjustment. The total identifiable net assets acquired less non-controlling interests amounted to RMB753,000. Accordingly, goodwill of RMB103,257,000 was resulted at the date of acquisition. Pursuant to the relevant acquisition agreement, the vendor guarantees to the Company that the net profit after tax of the Marvel Paramount Holdings Limited and its subsidiary (based on its audited financial statements) for each of the two financial years ending 31 March 2017 and 31 March 2018 (the "**Accumulated Guaranteed Profit**") shall be not less than HK$8,000,000 and HK$16,000,000 respectively. Accumulated impairment loss of goodwill of RMB49,300,000 was provided as at 30 June 2018.

Disposal of Subsidiaries

On 30 June 2018, Frog Prince (China) Daily Chemicals Co., Limited (青蛙王子(中國)日化有限公司("**Frog Prince (China)**"), a wholly-foreign-owned enterprise established in the PRC with limited liability as vendor, and 絲耐潔(福建)口腔健康科技有限公司 (Snagatr (Fujian) Oral Health Technology Co., Limited) ("**Snagatr**"), as purchaser, entered into a share transfer agreement. Pursuant to the agreement, Snagatr had agreed to acquire 80% equity interest in 福建愛潔麗日化有限公司 (Fujian Azalli Daily Chemicals Limited) ("**Fujian Azalli**") at the consideration of RMB12.0 million. Following the completion of the abovementioned share transfer, the Fujian Azalli ceased to be a subsidiary of the Group and a loss on disposal of RMB9.0 million was recognised by the Group.

On 21 December 2016, Frog Prince (China) and an indirect wholly owned subsidiary of the Company, Fujian Herun, and Shenzhen Qianhai Wosheng Asset Management Centre (Limited Partnership) (深圳前海沃升資產管理中心(有限合夥)) ("Wosheng", a limited partnership formed in the PRC) entered into a capital increase agreement, pursuant to which Wosheng agreed to make a capital contribution of RMB33,000,000 to Fujian Herun. An amount of RMB18,439,000 (being the proportionate share of the carrying amount of the net assets of Fujian Herun) has been transferred to non-controlling interests. The difference of RMB14,561,000 between the increase in the non-controlling interests and the consideration has been credited to retained earnings. Following the completion of the capital increase, the Group's interest in Fujian Herun was diluted from 100% to 75%, resulting in a deemed disposal of 25% equity interest in Fujian Herun by the Group. Upon completion of the capital increase, Fujian Herun remained as a subsidiary of the Company.

In the first half of 2017, Frog Prince (China), as vendor, and Wosheng, as purchaser, entered into a share transfer agreement. Pursuant to the agreement, Wosheng had conditionally agreed to acquire 45% equity interest in Fujian Herun at the consideration of RMB100.0 million. Following the completion of the abovementioned share transfer, the Group's interest in Fujian Herun was reduced from 75% to 30% and a gain on disposal of RMB95.9 million was recognised by the Group in respect of the current year. Fujian Herun ceased to be a subsidiary of the Group and became an associate of the Group.

Net Loss and Net Loss Margin

For the period ended 30 June 2018, loss attributable to equity holders of the Company amounted to approximately RMB51.0 million as compared with loss attributable to equity holders of the Company of approximately RMB32.5 million for the period ended 30 June 2017. The net loss margin was about 19.2% as compared with about 8.9% of net loss margin for the period ended 30 June 2017, with basic loss per share of approximately RMB4.4 cents (basic loss per share for the period ended 30 June 2017: RMB3.1 cents).

The increase in loss arose mainly from the respective one-off gain on disposal of a subsidiary Fujian Herun which was recorded by the Group in 2017.

Capital Expenditure

For the period ended 30 June 2018, the Group's material capital expenditure amounted to approximately RMB6.3 million (31 December 2017: RMB257.3 million), mainly used for renovation of our plants, consolidation work of our plants and acquisition of new equipments.

Financial Resources and Liquidity

As at 30 June 2018, cash and cash equivalents of the Group amounted to approximately RMB153.0 million (31 December 2017: RMB222.7 million). The current ratio was 1.9 (31 December 2017: 1.8). Our liquidity remained healthy. The uses of balance of cash and cash equivalents were mainly as follows: firstly, developing money lending business; and secondly, pursuing of the potential opportunity for acquisition and other investment in a timely manner.

In order to raise additional fund for enhancing the development of the money lending business, 231,687,000 placing shares ("**Placing Shares**") were successfully placed to not less than six independent third parties at the placing price of HK$0.130 per placing share on 27 June 2018.

The net proceeds of the placing, after deduction of the placing commission and related expenses, amounted to approximately HK$29.6 million.

Loan and Interest Receivables

As at 30 June 2018, the Group's loan and interest receivables were approximately RMB189.2 million (31 December 2017: RMB205.4 million). During the period, the Group had provided loans of approximately RMB48.3 million (31 December 2017: RMB348.0 million), with an average annual interest rate of approximately 27.6% (31 December 2017: 15.8%).

Trade and Bills Receivables

As at 30 June 2018, the Group's trade and bills receivables were approximately RMB104.2 million (31 December 2017: RMB113.2 million). The Group usually grants a credit period of 30 to 180 days to our customers. For the period ended 30 June 2018, the Group did not make any further allowance of doubtful debt (2017: Nil).

Trade and Bills Payables

As at 30 June 2018, trade and bills payables were approximately RMB63.6 million (31 December 2017: RMB71.5 million). The Group settled its payables within 30 to 180 days in general and kept good payment records.

Inventories

During the reporting period, inventories of the Group were approximately RMB39.7 million (31 December 2017: RMB32.0 million). As at 30 June 2018, the inventory balance increased by about 24.1% over 2017.

Gearing Ratio

As at 30 June 2018, the current assets and total assets of the Group were approximately RMB725.3 million and RMB1,682.1 million respectively, the current liabilities and total liabilities of the Group were approximately RMB388.9 million and RMB411.2 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 24.4% (31 December 2017: 24.0%).

Bank and Other Borrowings

As at 30 June 2018, the Group had bank borrowings of RMB118.5 million (31 December 2017: RMB115.0 million). Facilities were made by the Group with banks for PRC borrowings with a pledged bank deposit in the PRC.

As at 30 June 2018, the Group had other secured borrowings of RMB44.5 million (31 December 2017: Nil). Facilities were made by the Group with Hong Kong licensed money lenders for pledged investment properties located in Hong Kong.

As at 30 June 2018, the Group had no other unsecured borrowings (31 December 2017: RMB50.0 million).

Pledge of Assets

As at 30 June 2018, the Group had pledged deposits of RMB127.2 million (31 December 2017: RMB127.1 million) for short-term bank borrowings and bills payable.

As at 30 June 2018, investment properties of RMB96.1 million (31 December 2017: Nil) was pledged for other borrowings.

Capital Structure

The major objective of the Group's capital management is to ensure the ability of sustainable operations and maintain a healthy capital ratio in order to support its businesses and maximise the shareholders' interests. The Group continued to emphasise the appropriate mix of equity and debt to ensure an efficient capital structure in order to reduce capital cost.

Risk of Foreign Exchange

The Group has no significant exposure to foreign currency risk because most of the Group's transactions are denominated in Renminbi. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

OUTLOOK

The Group will continue to strengthen, develop and diversify its business portfolio and to further establish a sustainable investment portfolio. New businesses and existing businesses, including money lending business, operation of online platform, trading of commodities, securities investment and property holding are developing on an on-going basis, and their proportions in the Group's business portfolio may increase.

Given the slowdown of China's economic growth, and the changes in consumption habits of Chinese consumers, the Group is prudent to the utilization rate of production capacity of its plants manufacturing personal care products. In response to the above adverse business environment, the Group will improve the responsiveness of the supply chain and enhance its product development capability to avoid further decline in sales revenue.

Looking ahead, the Group will gradually expand the scale of its electronic product and other electronic component and the auto parts trading business by introducing sale teams with extensive experiences in the industry, so as to build up its competitiveness. Meanwhile, the Group will also continue to expand its money lending business. The Group will also expand the mortgage business to corporate clients. The Group will invest more financial resources to expand these businesses in the coming future, including possible promotion and marketing through media platform. The Group may consider putting certain marketing efforts to promote our brand through various public media. In view of the uncertain economic outlook, the Group will operate and expand the business in a cautious and risk-balanced manner to maintain a balanced portfolio.

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 Group will notice and consider from time to time other investment opportunities. The Company will make an announcement according to the requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**HKEx**") as and when appropriate.

EMPLOYEES AND REMUNERATION

As at 30 June 2018, the Group employed 1,033 employees (as at 31 December 2017: 999 employees).

In addition to basic salaries, year-end bonuses may be rewarded by the Group to those staff members with outstanding performance. Constituent companies of the Group established in Mainland China are also subject to social insurance contribution plans required by the PRC government. In accordance with the relevant national and local labour and social welfare laws and regulations, constituent companies of the Group established in Mainland China are required to pay on behalf of their employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and other relevant insurance.

In addition, a share option scheme was adopted by the Company in June 2011 and the limit of the share option scheme was refreshed in June 2017 to reward staff members who make contributions to the success of the Group. The directors of the Company believe that the compensation packages offered by the Group to its staff members are competitive in comparison with market standards and practices.

DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save for the placements and Placing Shares as disclosed in the announcements of the Company dated 12 June 2018, 15 June 2018 and 27 June 2018, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the Company's three independent non-executive directors, has reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 June 2018, including accounting principles and practices adopted by the Group, and discussed financial reporting matters.

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 of the Listing Rules during the period ended 30 June 2018, except for code provision A.2.1. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The role of the chief executive officer was performed by Mr. Tsai Wallen ("**Mr. Tsai**"), who was also the chairman of the Company. Mr. Tsai has over 30 years of experience in realty and investment business. He is responsible for managing the overall operations of the Group and planning the business development and strategies.

The Directors consider that vesting the role of the chairman of the Board and the chief executive officer in the same individual is beneficial to the management and business development of the Group. The balance of power and authority is ensured by the operations of the Board and the senior management, which comprise experienced and high calibre individuals. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All the Directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standard as set out in the Model Code during the reporting period.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2018 which would materially affect the Group's operating and financial performance as of the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.princefrog.com.cn) and the Stock Exchange (www.hkexnews.hk). The Company's interim report for the six months ended 30 June 2018, containing all the information required by the Listing Rules, will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
China Child Care Corporation Limited
Mr. Tsai Wallen
Chairman and Chief Executive Officer

Zhangzhou, the PRC
29 August 2018

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Tsai Wallen, Mr. Huang Xinwen and Mr. Ma Chi Ming; (ii) one non-executive director, namely Mr. Li Zhouxin; and (iii) three independent non-executive directors, namely Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan.