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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

Revenue decreased by about 21.2% over the same period in 2014 to approximately RMB459.9 million.

Gross profit decreased by about 27.9% over the same period in 2014 to approximately RMB200.7 million. Gross profit margin decreased by around 4.1 percentage points over the same period in 2014 to about 43.6%.

Profit attributable to the equity holders of the Company for the period decreased by about 73.8% over the same period in 2014 to approximately RMB30.8 million; net profit margin decreased by around 13.3 percentage points over the same period in 2014 to about 6.8%.

Basic earnings per share attributable to the equity holders of the Company decreased by about 74.1% over the same period in 2014 to approximately RMB3.0 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 2015 together with the unaudited comparative figures for the corresponding period in 2014 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 INCOME STATEMENT

For the six months ended 30 June 2015

	Notes	Six months ended 30 June **2015** *RMB'000* **(unaudited)**	2014 *RMB'000* (unaudited)
REVENUE	4	**459,925**	583,700
Cost of sales		**(259,222)**	(305,505)
Gross profit		**200,703**	278,195
Other income and gains	4	**10,076**	9,801
Selling and distribution expenses		**(116,448)**	(149,638)
Administrative expenses		**(49,708)**	(40,541)
Other operating expenses		**(1,793)**	(1,085)
PROFIT BEFORE TAX	5	**42,830**	96,732
Income tax	6	**(11,497)**	20,752
PROFIT FOR THE PERIOD		**31,333**	117,484
Attributable to:			
Equity holders of the Company		**30,773**	117,484
Non-controlling interests		**560**	–
		31,333	117,484
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	8		
Basic		**RMB3.0 cents**	RMB11.6 cents
Diluted		**RMB3.0 cents**	RMB11.6 cents

Details of the dividend are disclosed in note 7 to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	**31,333**	117,484
Other comprehensive income/(expense):		
Other comprehensive income/(expense) may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating operations outside Mainland China	**119**	(940)
Other comprehensive income/(expense) for the period, net of tax	**119**	(940)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**31,452**	116,544
Attributable to:		
Equity holders of the Company	**30,892**	116,544
Non-controlling interests	**560**	–
	31,452	116,544

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	**30 June 2015 RMB'000 (unaudited)**	31 December 2014 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**489,624**	495,666
Prepaid land lease payments		**18,513**	18,730
Goodwill		**36,122**	–
Intangible assets		**903**	1,623
Prepayments and deposits		**3,109**	1,178
Total non-current assets		**548,271**	517,197
CURRENT ASSETS			
Inventories		**52,414**	42,572
Trade receivables	9	**73,770**	145,454
Prepayments, deposits and other receivables		**50,448**	10,028
Amount due from a related company		**–**	6,828
Available-for-sale investments		**3,500**	2,000
Pledged deposits		**5,197**	2,000
Cash and cash equivalents		**963,492**	966,567
Total current assets		**1,148,821**	1,175,449

	Notes	**30 June 2015** *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
CURRENT LIABILITIES			
Trade and bills payables	10	**95,484**	125,083
Other payables and accruals		**39,378**	50,489
Amount due to a related company		**–**	190
Tax payable		**21,888**	16,840
Dividend payable	7	**39,887**	–
Total current liabilities		**196,637**	192,602
NET CURRENT ASSETS		**952,184**	982,847
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,500,455**	1,500,044
NON-CURRENT LIABILITY			
Deferred tax liabilities		**15,100**	14,600
Net assets		**1,485,355**	1,485,444
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**8,386**	8,386
Reserves		**1,472,746**	1,477,058
		1,481,132	1,485,444
Non-controlling interests		**4,223**	–
Total equity		**1,485,355**	1,485,444

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

China Child Care Corporation Limited was incorporated as an exempted company with limited liability in the Cayman Islands on 11 January 2011. 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 the People's Republic of China (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 manufacture and sale of personal care products. There were no significant changes in the nature of the Group's principal activities during the period.

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 disclosure requirements under Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

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 2014 except as described below. In the current period, the Group has applied, for the first time, the following revised International Financial Reporting Standards ("**IFRSs**") which are effective for the Group's financial year beginning on 1 January 2015.

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual improvements 2010–2012 Cycle	Amendments to a number of IFRSs
Annual improvements 2011–2013 Cycle	Amendments to a number of IFRSs

The adoption of the revised IFRSs has had no material effect on the Group's results and financial position.

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

In addition, during the current period, the Group acquired 80% equity interest in an entity established in the PRC, which was accounted for as the Group's subsidiary from the date of acquisition. Accordingly, the accounting policies for business combinations are adopted by the Group and described below.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in the income statement or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the income statement as a gain on bargain purchase.

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

Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has three reportable operating segments as follows:

(a) the children's personal care products segment manufactures and trades Frog Prince branded skin care, body and hair care, oral care and diaper and tissue products;

(b) the adults' personal care products segment manufactures and trades Frog Prince branded oral care products; and

(c) the other products segment comprises, principally, the manufacture of skin care products, body and hair care products for branding and resale by others.

3. OPERATING SEGMENT INFORMATION *(continued)*

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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income derived from banks, other unallocated income and gains as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment except for plant and machinery, prepaid land lease payments, unallocated prepayments, deposits and other receivables, an amount due from a related company, available-for-sale investments, pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude unallocated other payables and accruals, an amount due to a related company, tax payable, dividend payable and deferred tax liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(continued)*

	Children's personal care products *RMB'000*	Adults' personal care products *RMB'000*	Other products *RMB'000*	Total *RMB'000*
Six months ended 30 June 2015 (unaudited)				
Segment revenue:				
Sales to external customers	407,571	17,510	34,844	459,925
Segment results	179,927	5,874	8,557	194,358
Interest income derived from banks				6,430
Other unallocated income and gains				3,646
Corporate and other unallocated expenses				(161,604)
Profit before tax				42,830
Six months ended 30 June 2014 (unaudited)				
Segment revenue:				
Sales to external customers	526,142	21,064	36,494	583,700
Segment results	245,170	6,234	6,394	257,798
Interest income derived from banks				5,112
Other unallocated income and gains				4,689
Corporate and other unallocated expenses				(170,867)
Profit before tax				96,732

3. OPERATING SEGMENT INFORMATION *(continued)*

	Children's personal care products *RMB'000*	Adults' personal care products *RMB'000*	Other products *RMB'000*	Total *RMB'000*
Six months ended 30 June 2015 (unaudited)				
Segment assets	124,535	2,995	68,926	196,456
Reconciliation:				
Corporate and other unallocated assets				1,500,636
Total assets				1,697,092
Segment liabilities	71,928	3,699	19,858	95,485
Reconciliation:				
Corporate and other unallocated liabilities				116,252
Total liabilities				211,737
Year ended 31 December 2014 (audited)				
Segment assets	198,425	6,304	24,116	228,845
Reconciliation:				
Corporate and other unallocated assets				1,463,801
Total assets				1,692,646
Segment liabilities	107,896	5,170	15,317	128,383
Reconciliation:				
Corporate and other unallocated liabilities				78,819
Total liabilities				207,202

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue		
Sales of goods	**459,925**	583,700
Other income and gains		
Interest income derived from banks	**6,430**	5,112
Income derived from available-for-sale investments	**1,413**	2,648
Government subsidies*	**1,260**	1,297
Net fair value gains on foreign exchange derivative financial instruments – transactions not qualified as hedges	**60**	388
Others	**913**	356
	10,076	9,801
	470,001	593,501

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

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**259,222**	305,505
Depreciation	**15,447**	7,683
Amortisation of prepaid land lease payments	**217**	217
Amortisation of intangible assets	**720**	720
Loss on disposal of items of property, plant and equipment	**249**	–

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2014: Nil). Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current – Mainland China		
Charge for the period	**10,997**	18,418
Overprovision in prior year	**–**	(40,870)
	10,997	(22,452)
Deferred	**500**	1,700
Total tax charge/(credit) for the period	**11,497**	(20,752)

Pursuant to the granting of the High-New Technology Enterprise certificate by the local authority in the PRC in April 2014, Frog Prince (China) Daily Chemicals Co., Ltd. ("**Frog Prince (China)**"), a wholly-owned subsidiary of the Group operating in Mainland China, which is a wholly-foreign-owned enterprise, was taxed at a preferential tax rate of 15% with retrospective effect starting from the year ended 31 December 2013 for three years.

7. DIVIDEND

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividend declared during the period:		
Final – HK5.0 cents (2014: HK5.0 cents) per ordinary share	**39,887**[ii]	40,214 [i]

(i) In respect of the financial year ended 31 December 2013

(ii) In respect of the financial year ended 31 December 2014

The directors of the Company do not recommend any payment of interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to the equity holders of the Company of RMB30,773,000 (2014: RMB117,484,000) and the number of ordinary shares in issue during the six months ended 30 June 2015 of 1,010,491,000 (2014: weighted average number of ordinary shares of 1,010,468,000).

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount for the six months ended 30 June 2014 is based on the profit for that period attributable to the equity holders of the Company of RMB117,484,000. The weighted average number of ordinary shares of 1,012,403,000 used in the calculation is the weighted average number of ordinary shares of 1,010,468,000 in issue during that period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares during the period of 1,935,000.

9. TRADE RECEIVABLES

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Trade receivables	**73,770**	145,454

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 60 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 receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Within 30 days	**57,242**	107,733
31 to 60 days	**9,935**	34,611
61 to 90 days	**5,844**	2,539
Over 90 days	**749**	571
	73,770	145,454

10. 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 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**74,384**	76,590
1 to 3 months	**19,315**	48,490
Over 3 months	**1,785**	3
	95,484	125,083

The trade and bills payables are non-interest-bearing and are normally settled on terms of one to six months. The bills payables were secured by the pledge of certain of the Group's time deposits amounting to RMB3,197,000 as at 30 June 2015 (31 December 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2015, the growth in consumption has been slowing down due to the sluggish growth of the domestic economy; meanwhile, the concept, structure and mode of consumption had undergone great changes, which brought about fierce competition in the market. Therefore, the revenue for the first half of 2015 decreased by about 21.2% over the corresponding period of 2014, among which, the revenue from the core children's personal care products decreased by about 18.1% over the first half of 2014. The Group was honoured with the following awards and recognitions in the first half of 2015:

– In January 2015, the Group was awarded as a "National Experiential Education Base for the Wellbeing of the Youth" (全國關心下一代生活體驗教育基地) by China National Committee for the Wellbeing of the Youth (中國關心下一代工作委員會).

– In February 2015, the Group was accredited as Year 2014–2016 International Famous Brand to be Fostered and Developed by Fujian Province (2014–2016年度福建省重點培育和發展的國際知名品牌) by the Department of Commerce of Fujian Province (福建省商務廳).

– In March 2015, the children's skin care products, the children's bath products and the children's toothpaste and toothbrushes of the "Frog Prince" brand ranked the "first place in 2014 overall market share among similar products" jointly appraised and elected by China General Chamber of Commerce (中國商業聯合會) and China National Commercial Information Centre (中華全國商業信息中心).

– In March 2015, Mr. Li Zhenhui, the chairman of the Board, was honoured as the "Deputy Chairman of the Wechat Business Entrepreneurs Federation of China Beauty Expo" (中國美容博覽會微商聯合會副會長) and the "Deputy Chairman of Brand Alliance of the 20th China Beauty Expo" (第二十屆中國美容博覽會品牌聯盟副主席) by the Organization Committee of the 20th China Beauty Expo (Shanghai CBE) (第二十屆中國美容博覽會（上海CBE）組委會).

– In May 2015, the Group was awarded as a "Social Practice Base for Character Education of High and Primary Schools of Fujian Province" (福建省中小學質量教育社會實踐基地) by Fujian Provincial Bureau of Quality and Technical Supervision (福建省質量技術監督局), the Education Department of Fujian Province (福建省教育廳) and the Xiamen Entry and Exit Inspection and Quarantine Bureau (廈門出入境檢驗檢疫局) jointly.

– In May 2015, the children's moisturizer, the children's moisturizing shampoo and the children's moisturizing bath lotion of the "Frog Prince" brand were exclusively awarded the "Best Products for Pregnant Women, Infants and Children" at the 2015 Meiyi Best Children's Care Products Award (2015美伊最佳兒童護理大獎的唯一「最佳孕嬰童產品獎」) by the Organization Committee of the 20th China Beauty Expo (Shanghai CBE) (第二十屆中國美容博覽會（上海CBE）組委會).

BUSINESS REVIEW

Accurate brand advertising

In the first half of 2015, based on the media preference of target consumers, the Group launched all-round brand marketing and promotion through various platforms including new media, TV media, Internet and China Railway High-speed ("**CRH**") media. The Group continued its close cooperation with the popular TV show "Where Are We Going, Dad?" (《爸爸去哪兒》) of Hunan TV in which the "Frog Prince" brand was designated as the only children's personal care product supplier for the third season of "Where Are We Going, Dad?". The Group believed that the theme concept of "Where Are We Going, Dad?", i.e. spending more time and giving more care to children, aligned with the "Frog Prince" brand philosophy, and the third cooperation will further improve the recognition and reputation of the brand. The Group was also the title sponsor for the CRH travelling between Fuzhou and Beijing in the name of Frog Prince, aiming to fully display the brand and enhance social attention to it by leveraging the effective advertising of CRH media.

Differentiated animation marketing strategies

The three-series animation of the Group has been popular on online video platforms, including Youku (www.youku.com), Tudou (www.tudou.com), Tencent (v.qq.com), iQIYI.COM (www.iqiyi.com) and Letv (www.letv.com). As of 30 June 2015, the accumulative click rate approximated to 60 million times. In the first half of 2015, the Group upgraded the cartoon image of Frog Prince and applied the updated cartoon image in the design and promotional materials of new products; the Group also developed a brand new 3D cartoon image of Frog Prince laying a foundation for the future development of more vivid promotional products and derivatives. Such 3D cartoon has been widely used in decorating the Group's new industrial park to deliver an animation experience. In addition, interactive events were carried out in shopping malls to attract consumers' attention, including setting up an inflated castle in the theme of Frog Prince's cartoon and arranging sales team to dress up as Frog Prince and interact with consumers. In January 2015, the Group entered into a proposal with Hangzhou Magic Mall Animation Production Co., Ltd. (杭州漫奇妙動漫製作有限公司) in respect of establishing a joint-venture animation company to cooperate in various areas such as animation production, children's education, charity events, dramas, large-scale events and fast moving consumer goods in order to deepen the animation culture of Frog Prince and enhance competitive advantages of the Group's differentiated marketing.

Launch of diverse promotion campaigns

In the first half of 2015, the Group launched the two-way interactive marketing campaigns which covered both the on-line and off-line promotions. Through theme events delivering the core brand positioning of "Frog Prince Brand Specially for Children Aged 3–12" (青蛙王子更適合3–12歲兒童使用) to the consumers, the brand image was enhanced comprehensively. To name a few, the Group held nearly 2,000 large-scale promotional activities in more than 1,500 key stores located in approximately 200 cities of key provinces across the country under the theme of "Grow up with new requirements, care with wonderful gifts" (成長新要求，關愛更有禮) in March and May 2015, respectively; the Group launched large-scale roadshows in over 75 cities nationwide under the theme of "Where Are We Going on June 1, Dad? – Parent-Child Happiness Nourishing My Growth" (爸爸，六一去哪兒–六一親子樂，滋潤我成長) on "June 1" International Children's Day in 2015; and as a continuation of the "Frog Prince" brand concept of being companion alongside children's healthy growth, the Group encouraged parents spending more time and giving more care to their children by promoting the "Half-day Off on June 1" (六一半天假) through online platform and new media platforms.

Continuous launch of new products

In the first half of 2015, to adapt to the ever-changing market and satisfy different needs of consumers, the Group launched 3 new series of products in fields of children's skin care and bath products, including natural moisturizing products of "Frog Prince" brand with "moisture, safety, natural" as the core selling point, and the wheat germ product line and freshly extracted essence product line of "Frog Prince" brand which contain innovative ingredients. The Group also expanded its business into Wechat platform by launching a product set named "Croak Croak Box" (呱呱樂套盒) exclusively on the Wechat platform in the first half of 2015. The Group believed that the Wechat platform, not only as a new marketing channel for products, but also is helpful for the advertising of the brand and products of "Frog Prince".

Boosting sales in oral care products

In order to achieve better development of the business in children's toothpaste and strengthen the research and development capability of children's toothpaste products, the Group made an acquisition of a well-known domestic enterprise engaged in the research and development of toothpaste in the first half of 2015, and jointly developed a "Frog Prince" children's toothpaste product line that protects children's oral health according to different oral status in daytime and evening separately.

Excellence in quality control

Product quality and safety control have always been the focus of the management of the Group. All the babies' and children's personal care products currently produced by the Group not only meet the national standards of the PRC, but also comply with the requirements on the safety and specification for cosmetic products of the European Union. The production base located in the new industrial park of the Group has passed the "Cosmetics – Guidelines on Good Manufacturing Practices (2008)" Certification System and "ISO22716: 2007 (e) Cosmetics – Good Manufacturing Practices Standards (GMP)" of the United States Food and Drug Administration. Quality inspection is in place for all major production procedures, with routine and spot checks on all raw materials, semi-products and finished products to ensure perfect quality. The self-owned testing laboratory of the Group is currently actively preparing and applying for the authentication of the China National Accreditation Service for Conformity Assessment (CNAS), which will demonstrate that the Group has state recognized cosmetics physicochemical index and is qualified to perform microbiological detection. In the first half of 2015, by leveraging on the construction of the "Standardization Research Base for Cosmetic Products for Chinese Children"(中國兒童化妝品標準化研究基地), the Group, as a member of the Standardization Committee for Cosmetic Products of China Association of Fragrance Flavor and Cosmetic Industries (中國香料香精化妝品工業協會化妝品標準化委員會), actively participated in the discussion and formulation of the regulations on cosmetic products supervision and providing reasonable suggestions on the systematic management of cosmetic raw materials in China in the future and the reform proposal of cosmetic production certificate.

Continuous Investment in Research & Development ("R&D")

In the first half of 2015, the Group continued to cooperate with the South China University of Technology on a series of scientific research projects with a view to enhance the Group's capabilities in R&D and applications of babies' and children's personal care products. In the meantime, the Group actively cooperated with leading raw material suppliers in the industry, including but not limited to BASF (巴斯夫), SOLVAY (索爾維), SYMRISE (德之馨), DOW (陶氏) and DOW CORNING (道康寧), to develop more natural and moisturizing products, thus to improve the core competitiveness of the Group. The Group also cooperated with the domestically well-known R&D agencies, including but not limited to Shanghai Laibo Bio-chemical Co. Ltd. and Shanghai Institute of Pharmaceutical Industry, to develop products designed for alleviating children's skin problems based on the study on the characteristics of children's skin.

Frog Prince (China), an indirect wholly-owned subsidiary of the Company, was granted the High-New Technology Enterprise Certificate. The Group also submitted applications for patents (as of 30 June 2015, the Group possessed or was authorized for 22 patents while application for 17 patents was in process) from time to time, successful filing of which will further prove the Group's R&D capability in children's cosmetics and can protect the Group's independent intellectual property.

Social responsibility

On 10 February 2015, the Group worked with the China National Committee for The Wellbeing of The Youth Charity Culture Centre (中國關心下一代工作委員會公益文化中心), the China Foundation for the Development of Social Culture (中華社會文化發展基金會), the China Education Television Association (中國教育電視協會) and the Union of Chinese Talent Education Development (中國特長生教育發展聯盟) to launch the event of the Social, Art and Educational Innovation and Development of Youth Forum and the 2015 China – We Are Family Charity Project (青少年社會藝術教育創新發展論壇暨2015中華大家園公益項目). The event set a "Frog Prince Award" to reward youth's and children's outstanding performances and to support children from poor families to participate in educational activities for students with special talents.

In February 2015, the Group, together with the China Oral Health Foundation (中國牙病防治基金會) and the Chinese Student Health News (中國學生健康報) commenced popularization classes of oral health knowledge and promoted charity classes of children's oral care knowledge by holding the event of joining Spring Festival family feast of little journalists. At the same time, the Group also held the on-site charitable sales for the "Smiling Teenager" charity programme (健康口腔，微笑少年公益項目) initiated by the China Oral Health Foundation (中國牙病防治基金會) in Longli, Guizhou Province and Qingjian, Shaanxi Province, aiming at popularizing knowledge of oral health to parents and children.

On 19 May 2015, the Group donated RMB1.50 million to China Women's Development Foundation (中國婦女發展基金會). The fund will be utilized to support the charity project titled "Safeguard the Childhood" (守護童年), which was hosted by the All China Women's Federation (全國婦聯) and co-sponsored by China Women's Development Foundation (中國婦女發展基金會) together with over 100 nonprofit organizations, to commence the first CSR system of children's charity of consumer chemicals industry and to call for more caring enterprises to join the team to promote charity and jointly sign the loving proposal of "Half Day Holiday on June 1". The CSR children's charity system of Frog Prince, as the corporate social responsibility of children's charity system of Frog Prince, aims at promoting children's charity events in consumer chemicals industry and calling for more corporates to take the responsibility of caring the growth of children through combining power from charity institutions, media and corporates, by focusing on the corporate's core idea of "Power of Care" (關愛的力量) and illustrating the corporate's CSR motto "All for Children's Smile" (一切為了孩子們的微笑). Furthermore, the system also aims to promote social power of care through providing psychological services like "Are you loving right? – Public Lecture" (您愛對了嗎？–公益大講堂), promoting welfare events like "Half Day Holiday on June 1 – Love Convention" (六一半天假–愛心公約), development of parent-child education like "First Class of Safety – Public Summer Camp" (安全第一課–公益夏令營) and other charity projects.

On the day before 2015 "June 1" International Children's Day, the Group has organized series of internal interactive experience activities for children, in which all our employees' children received the gifts specially designed for them and various Frog Prince parent-child interactive activities were carried out.

FINANCIAL REVIEW

For the six months ended 30 June 2015, revenue of the Group was approximately RMB459.9 million, representing a decrease of about 21.2% as compared to RMB583.7 million for the six months ended 30 June 2014. During the reporting period, the revenue from core children's personal care products of the Group was approximately RMB407.6 million, representing a decrease of about 18.1% over the same period of last year (for the six months ended 30 June 2014: RMB497.7 million); revenue from adult's personal care products and other products including OEM products was approximately RMB52.4 million, representing a decrease of about 9.0% over the same period of last year (for the six months ended 30 June 2014: RMB57.6 million). The Group has terminated all paper diaper business and operation on 1 January 2015, and therefore no sales revenue was recorded in the non-core paper diaper business for the reporting period (for the six months ended 30 June 2014, revenue from this segment was RMB28.5 million) since then. The decrease in revenue of the Group was due to a slower growth of domestic economy and a corresponding decrease in sales from distributors. The decrease in sales from distributors was mainly due to closure of some supermarket points of sales and consumers' switch of consumption habit to e-commerce. In addition, in order to allow distributors to promote the sales of our products, the Group offered more discount to distributors to replace part of sales and distribution expenses.

Gross Profit and Gross Profit Margin

Gross profit of the Group for the six months ended 30 June 2015 was approximately RMB200.7 million, representing a drop of about 27.9% as compared with RMB278.2 million for the six months ended 30 June 2014. During the reporting period, the gross profit margin decreased by around 4.1 percentage points over the same period of last year to about 43.6% (for the six months ended 30 June 2014: 47.7%). The decrease of gross profit margin was mainly due to the discount provided to distributors during the second quarter of 2015. However, the gross profit margin of children's oral care products of the Group for the six months ended 30 June 2015 was about 45.6%, representing an increase of around 1.5 percentage points compared with 44.1% for the six months ended 30 June 2014. This is mainly due to the switch to self-production of toothpaste products from outsourced production.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising expenses, marketing and promotion expenses, transportation costs and other expenses. For the six months ended 30 June 2015, the selling and distribution expenses was approximately RMB116.4 million, representing a decrease of about 22.2% compared with RMB149.6 million for the six months ended 30 June 2014. During the reporting period, the selling and distribution expenses accounted for about 25.3% of revenue (for the six months ended 30 June 2014: 25.6%), among which the expenses from advertising and promotion accounted for about 15.8% of revenue for the six months ended 30 June 2015, representing a decrease of around 1.8 percentage points compared with 17.6% for the six months ended 30 June 2014. The decrease was mainly due to the discount given to distributors by the Group according to the market needs of the second quarter of 2015 in order to replace part of sales and distribution expenses; because of the decrease of factory price, the expenses of transportation costs and other expenses accounted for about 9.5% of revenue for the six months ended 30 June 2015, representing an increase of around 1.4 percentage points over the same period of 2014 (for the six months ended 30 June 2014: 8.1%).

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation, other taxes and other expenses. Administrative expenses of the Group amounted to approximately RMB49.7 million for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB40.5 million), representing an increase of about 22.7%. The administrative expenses increased mainly due to the raise of salary of management of the Group, depreciation expenses and expenses on share options during the reporting period. Administrative expenses accounted for about 10.8% of the Group's revenue for the six months ended 30 June 2015 (for the six months ended 30 June 2014: 6.9%).

Finance Costs

For the six months ended 30 June 2015, the Group has no finance costs (for the six months ended 30 June 2014: Nil).

Business Combination

On 30 April 2015, the Group acquired a 80% equity interest in 福建愛潔麗日化有限公司 (the "Acquired Company"), a company established in the PRC and a former supplier of the Group, from an independent third party. The principal activity of the Acquired Company is manufacturing of toothpaste products. The acquisition was for expanding the Group's oral care product line under children's personal care products. The purchase consideration for the acquisition amounted to RMB50,773,000, which was satisfied by cash, and the total identifiable net assets acquired less non-controlling interests amounted to RMB14,651,000. Accordingly, goodwill of RMB36,122,000 was resulted at the date of acquisition.

Net Profit and Net Profit Margin

For the six months ended 30 June 2015, profit attributable to equity holders of the Company amounted to approximately RMB30.8 million, representing a decrease of about 73.8% as compared with RMB117.5 million for the six months ended 30 June 2014. The net profit margin decreased by around 13.3 percentage points to about 6.8% from 20.1% for the six months ended 30 June 2014, with basic earnings per share of approximately RMB3.0 cents (for the six months ended 30 June 2014: RMB11.6 cents). Firstly, this was due to a write-back of tax provision of approximately RMB40.9 million in respect of the year ended 31 December 2013 was made during the first half of 2014 and there was no such write-back of tax provision made during the first half of 2015. Secondly, as mentioned above, the administrative expenses increased by about 22.7%.

Capital Expenditure

For the six months ended 30 June 2015, the Group's material capital expenditure amounted to approximately RMB7.8 million (for the six months ended 30 June 2014: RMB34.9 million), mainly used for settling the remaining payments after the completion of the construction of phase II of the plant at the new industrial park.

Financial Resources and Liquidity

As at 30 June 2015, cash and cash equivalents of the Group amounted to approximately RMB963.5 million (31 December 2014: RMB966.6 million). The current ratio was 5.8 (31 December 2014: 6.1). Our liquidity remained healthy. The uses of balance of cash and cash equivalents were mainly as follows: firstly, marketing enhancement as well as brand and product promotions; secondly, the investment in R&D including construction of new R&D laboratory and R&D of new products; and thirdly, pursuit of the potential opportunity for acquisition and other investment as and when appropriate.

Trade Receivables Turnover Days

During the reporting period, the Group's trade receivables turnover days were 42.9 days (for the six months ended 30 June 2014: 38.7 days; for the year ended 31 December 2014: 33.1 days), calculated as the average of the beginning and ending balances of trade receivables for the period/year divided by total revenue for the period/year and multiplied by 180 days (for a half year)/365 days (for a whole year). The Group usually grants a credit period of 30 to 60 days to our customers and therefore the trade receivables turnover days were within the normal credit period. The increase in trade receivables turnover days for the period was mainly due to the Group's increase in its direct sales through some of supermarket chain stores and the longer payment days for direct sales.

Trade and Bills Payables Turnover Days

During the reporting period, trade and bills payables turnover days came to 76.6 days (for the six months ended 30 June 2014: 59.5 days; for the year ended 31 December 2014: 46.4 days), calculated as the average of the beginning and ending balances of trade and bills payables for the period/year divided by cost of sales for the period/year and multiplied by 180 days (for a half year)/365 days (for a whole year). The increase in trade and bills payables turnover days was mainly because the Group strengthened its bargaining power by conducting bulk procurements with the suppliers, and therefore the relevant payment terms in contracts became more favorable. The Group settled its payables within one to six months in general and kept good payment records.

Inventory Turnover Days

During the reporting period, inventory turnover days came to 33.0 days (for the six months ended 30 June 2014: 45.4 days; for the year ended 31 December 2014: 23.3 days), calculated as the average of the beginning and ending balances of inventories for the period/year divided by cost of sales for the period/year and multiplied by 180 days (for a half year)/365 days (for a whole year). The decrease in inventory turnover days, as compared with the same period of 2014, was mainly because the Group had reduced its inventory level corresponding to the decrease in sales volume. As of 30 June 2015, the inventory balance decreased by about 46.3% over the same period of 2014.

Gearing Ratio

As at 30 June 2015, current assets and total assets of the Group were approximately RMB1,148.8 million and approximately RMB1,697.1 million, respectively, current liabilities and total liabilities were approximately RMB196.6 million and approximately RMB211.7 million, respectively. The gearing ratio (total liabilities/total assets) of the Group was about 12.5% (as at 30 June 2014: 14.9%).

Bank Borrowings

As at 30 June 2015, the Group had no bank borrowings (as at 31 December 2014: Nil).

Pledge of Assets

As at 30 June 2015, the Group had pledged deposits of RMB5.2 million for bills payable and guarantees to the bank in connection with the amounts advanced by the bank to certain of the Group's customers for the settlement of the trade balances due from these customers to the Group (as at 31 December 2014: RMB2 million).

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 maximize the shareholders' interests. The Group continued to emphasize the appropriate mix of equity and debt to ensure an efficient capital structure in order to reduce capital cost.

Risk of Foreign Exchange

As at 30 June 2015, the Group was not exposed to any major risks from foreign exchange fluctuations and new foreign exchange forward contracts have been signed to manage risks of foreign exchange fluctuations.

Contingent Liabilities

During the reporting period, the Group entered into a banking facility arrangement with a bank in Mainland China for providing guarantees to the bank in connection with the amounts advanced by the bank to certain of the Group's customers for the settlement of the trade balances due from these customers to the Group. As at 30 June 2015, the Group had pledged deposits of RMB2,000,000 (as at 31 December 2014: RMB2,000,000) placed with the bank for this banking facility arrangement, and executed guarantees of a total of approximately RMB29,620,000 (as at 31 December 2014: RMB33,375,000) to the bank in connection with the amounts advanced to these customers by the bank, of which approximately RMB7,945,000 (as at 31 December 2014: RMB17,663,000) had been utilized as at 30 June 2015.

OUTLOOK

The Group believes that against the backdrop of further slackening policy on birth control by the Chinese government, it is expected that China will meet with a baby boom in the next few years. The demand for children's personal care products will continue to grow. However, in view of the slowing growth of economy of China and the shift of spending habit of the consumers to e-commerce as well as mobile and internet shopping, the Group is prudently optimistic about the performance of "Frog Prince" brand on children's personal care product industry in the future.

Due to the decrease in traffic of offline retail outlets and the closedown of certain points of sales of supermarkets, the dealers' operation cost of offline retail outlets has been gradually increased, resulting in the decline in profitability of our children's personal care product business. In the future, the Group will step up efforts on differentiation and deepening of channels, increase the penetration rate in second-tier, third-tier and fourth-tier cities. At the same time, we continue to raise the market share in first-tier cities and international and domestic cross-region supermarkets, so as to increase the sales; meanwhile, the Group will combine the online and offline marketing efforts for synergic effect. We will expand into two sub-markets, i.e. e-commerce and Wechat business to achieve all-round coverage in an in-depth manner. The Group will also increase the investment in the brand building, including TV advertising, animation, movie, parent-child media promotion, magazine advertising, exhibition, forum, parent-child programme, public activities and so forth, while animation culture will continue to be our differential marketing strategy to inject more cultural elements in our brand, so as to gain brand recognition from consumers and foster all-round branding strategy.

Looking ahead, we will continue to focus on the healthy development of this business segment, in particular our "Frog Prince" brand of personal care products targeting children aged 3 to 12 so as to further promote its core "Frog Prince" brand value of "Better nourished babies, happier mothers" (孩子更滋潤、媽媽更開心). In addition, we will identify other investment opportunities in order to create higher value for our shareholders.

EMPLOYEES AND REMUNERATION

As at 30 June 2015, the Group employed 2,130 employees (as at 31 December 2014: 1,125 employees). The increase in the number of employees was mainly due to: 1, during the reporting period, the Group acquired a toothpaste R&D and manufacture company, which had 161 employees as at 30 June 2015; 2, the number of production workers, temporary workers and summer interns largely increased to 1,168 as at 30 June 2015 from 419 as at 31 December 2014. It was to coordinate the needs for packing OEM gift boxes for peak season orders from June to August; 3, the Group increased the number of promoters in direct sales channels in supermarkets and newly introduced management trainee project.

In addition to basic salaries, year-end bonuses may be awarded 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 labor 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 Group in June 2011 to reward staff members who make contributions to the success of the Group. The directors believe that the compensation packages offered by the Group to its staff members are competitive in comparison with market standards and practices.

To meet the urgent needs for building a team of talents to cope with the rapid development of the Company, the Group set up a Frog Prince Business College in 2013 to provide training to employees and help them to master relevant skills. The college offered 26 courses, covered fields like corporate strategy and culture, industry overview, professional knowledge, etc, in the first half of 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015.

DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend to shareholders of the Company for the six months ended 30 June 2015.

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 2015, including accounting principles and practices adopted by the Group, and discussed financial reporting matters.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (Appendix 10 to the Listing Rules, the "**Model Code**") as its code of conduct governing securities transactions by directors. All directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2015, except for code provision A.2.1.

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Mr. Li Zhenhui ("**Mr. Li**") currently holds the positions of Chairman and Chief Executive Officer of the Company. He is the founder of the Group and has over 21 years of experience in personal care products industry. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Li provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive in the same person will not impair the balance of power and authority between the Board and the management of the Company.

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 2015, 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. Li Zhenhui
Chairman

Zhangzhou, the PRC
26 August 2015

As at the date of this announcement, the Board of the Company comprises (i) five executive directors, namely Mr. Li Zhenhui, Mr. Xie Jinling, Mr. Ge Xiaohua, Mr. Huang Xinwen and Ms. Hong Fang; and (ii) three independent non-executive directors, namely Mr. Chen Shaojun, Mr. Ren Yunan and Mr. Wong Wai Ming.