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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)**

**MEMORANDUM OF UNDERSTANDING  
FOR STRATEGIC COOPERATION**

This announcement is made by China Child Care Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, on 25 August 2017 (after trading hours), Cheer Winner Investment Limited (“**Cheer Winner**”), a wholly-owned subsidiary of the Company entered into a memorandum of understanding (the “**MOU**”) with 上海炫龍投資管理有限公司 (Shanghai Xuan Long Investment Management Co., Ltd<sup>#</sup>) (“**Shanghai Xuan Long**”) and 上海炫高文化傳播有限公司 (Shanghai Xuan Gao Culture Communication Co., Ltd<sup>#</sup>) (“**Shanghai Xuan Gao**”, together with Shanghai Xuan Long, the “**Parties**”) in relation to a proposed strategic cooperation (the “**Strategic Cooperation**”).

**PRINCIPAL TERMS OF THE MOU**

**Date**

25 August 2017 (after trading hours).

**Parties**

- (i) Cheer Winner;
- (ii) Shanghai Xuan Long; and
- (iii) Shanghai Xuan Gao

To the best of the knowledge and belief of the directors of the Company, having made all reasonable enquiries, the Parties and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Scope of the Strategic Cooperation**

Pursuant to the terms of the MOU, the cooperation between the Company and the Parties will be, among others, (i) the proposed formation of a joint venture company between Cheer Winner and Shanghai Xuan Long (the “**Proposed Joint Venture A**”) for the development of an integrated indoor and outdoor theme park with animation entertainment in Shanghai, the People’s Republic of China (the “**PRC**”) (the “**Theme Park**”); (ii) the proposed formation of a joint venture company among Cheer Winner, Shanghai Xuan Long and Shanghai Xuan Gao (the “**Proposed Joint Venture B**”) for the daily business operations and management of the Theme Park; and (iii) the Group will provide its existing children’s personal care products and the Parties will provide the development and using right of their animation brand.

The Proposed Joint Venture A will be owned as to 80% by the Group and 20% by Shanghai Xuan Long. The Group and Shanghai Xuan Long shall be entitled to the ownership of the Theme Park, including its land use rights and buildings owned by the Proposed Joint Venture A, in the ratio of 80% to 20% respectively.

The Proposed Joint Venture B will be owned as to 80% by the Group, 15% by Shanghai Xuan Long and 5% by Shanghai Xuan Gao. The Group will appoint the chief financial officer and financial representative to the Proposed Joint Venture B and the Parties will provide the right of use of their animation brand and will appoint the general manager and management team to the Proposed Joint Venture B for the daily business operations of the Theme Park.

In addition, pursuant to the terms of the MOU, (i) the Parties will provide the development and using right of the animation derivative products in the PRC under the brand of a reputed international animation enterprise; and (ii) the Group will provide the Group’s existing children’s personal care products. The consideration for the right of using the animation brand will be negotiated and determined between the Group and Shanghai Xuan Long after the completion of the due diligence review (as mentioned below) and prior to the entering into of the formal agreement. As at the date of this announcement, based on the preliminary discussion between the parties of the MOU, the consideration of the right of using the animation brand shall be satisfied as to 50% by cash and as to 50% by the allotment and issue of the consideration shares of the Company to the Parties.

## **Due diligence review**

Upon signing of the MOU, Cheer Winner is entitled to appoint its representatives and/or consultants to process the due diligence within one (1) month on (i) the regulatory approval on the land use rights designated for Theme Park provided by Shanghai Xuan Long; and (ii) the operation and management rights of distribution of animation derivative products possessed by Shanghai Xuan Gao in the PRC. The Parties agreed to provide such assistance as Cheer Winner may reasonably require in relation to such due diligence.

## **Exclusivity**

The Parties agree that, they and each of them shall not, directly or indirectly, enter or agree to enter into any discussions, negotiations, letter of intent, memorandum of understanding or agreements with any person (other than Cheer Winner) for the Strategic Cooperation or any other transaction or cooperation of a similar nature commencing from the date of the MOU for a period of one (1) month.

## **Termination**

The MOU shall be terminated upon the occurrence of (i) there is a material default made by either of the parties in performing its obligations under the MOU; (ii) the obligations under the MOU cannot be exercised; (iii) the Company is not satisfied with the results of due diligence; (iv) the parties failed to conclude the formal cooperation agreement within one (1) month after the signing of the MOU; and (v) termination mutually by all the parties in writing.

## **Binding effect**

Save for the provisions relating to the exclusivity, due diligence review, confidentiality, termination, notices, binding effect, governing law and jurisdiction, the MOU does not constitute a legally binding agreement on the parties to the MOU.

## **REASON FOR AND BENEFIT OF THE STRATEGIC COOPERATION**

The principal activity of the Company is investment holding. The Group principally engages in design and provision of a board range of personal care products, including skin care products, body and hair care products and oral care products in the PRC and operation of an online platform focusing on the children, babies and parents markets, money lending business, trading of commodities, investment on securities and properties investment.

Shanghai Xuan Long was established in the PRC and owns the land use rights for the Theme Park.

Shanghai Xuan Gao was established in the PRC and holds the distribution and using right of the animation derivative products in the PRC, under the brand of a reputed international animation enterprise.

The Board believes that the Strategic Cooperation will allow the Company to (i) enhance the Group's revenue stream; and (ii) increase public awareness of its brand and elevate the level of its internationalization through establishment and operation of theme parks and promotion of the Group's children's personal care products via different channels. The MOU will bring mutual benefits to the parties and is in the interests of the Company and its shareholders as a whole.

**The Board wishes to emphasize that the MOU may or may not lead to any formal agreement. The Company will comply with the relevant requirements of the Listing Rules when any formal agreement in relation to the Strategic Cooperation is entered into or there are any material developments with respect to the Strategic Cooperation. As such, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 25 August 2017

*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) two non-executive directors, namely Mr. Li Zhouxin and Mr. Ren Yunan; and (iii) three independent non-executive directors, namely Mr. Tsao Benedict, Ms. Chan Sze Man and Mr. Ma Kwun Yung Stephen.*

# *The English translation of Chinese names used above, where indicated(#), are included for information purpose only, and should not be regarded as the official English translation of such Chinese names.*