# 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)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

**FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2014:**

Revenue decreased by about 13.4% over the same period in 2013 to approximately RMB1,482.5 million, and the revenue from children's personal care products decreased by about 12.7% over the same period in 2013 to approximately RMB1,325.9 million

Gross profit decreased by about 13.0% over the same period in 2013 to approximately RMB704.6 million

Gross profit margin increased by around 0.2 percentage point over the same period in 2013 to approximately 47.5%

Profit attributable to the equity holders of the Company for the year increased by about 0.4% over the same period in 2013 to approximately RMB200.4 million

Basic earnings per share attributable to the equity holders of the Company was RMB19.8 cents, the same as over the same period in 2013

The board of directors (the "**Board**") of China Child Care Corporation Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2014, together with the comparative figures for the year 2013, as follows:

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2014*

| | Notes | **2014** RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **REVENUE** | 4 | **1,482,469** | 1,712,206 |
| Cost of sales | | **(777,879)** | (901,895) |
| Gross profit | | **704,590** | 810,311 |
| Other income and gains | 4 | **26,530** | 14,029 |
| Selling and distribution expenses | | **(430,816)** | (423,405) |
| Administrative expenses | | **(82,237)** | (89,327) |
| Other operating expenses | | **(2,880)** | (1,951) |
| Finance costs | 5 | **—** | (33) |
| **PROFIT BEFORE TAX** | 6 | **215,187** | 309,624 |
| Income tax expense | 7 | **(14,794)** | (110,046) |
| **PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY FOR THE YEAR** | | **200,393** | 199,578 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY** | 9 | | |
| Basic | | **RMB19.8 cents** | RMB19.8 cents |
| Diluted | | **RMB19.8 cents** | RMB19.6 cents |

Details of the dividends are disclosed in note 8 to the announcement.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2014*

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **PROFIT FOR THE YEAR** | **200,393** | 199,578 |
| 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 | **(479)** | 2,219 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY FOR THE YEAR** | **199,914** | 201,797 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2014*

| | Notes | **2014** *RMB'000* | 2013 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **495,666** | 391,693 |
| Prepaid land lease payments | | **18,730** | 19,164 |
| Intangible assets | | **1,623** | 3,063 |
| Prepayments and deposits | | **1,178** | 9,372 |
| **Total non-current assets** | | **517,197** | 423,292 |
| **CURRENT ASSETS** | | | |
| Inventories | | **42,572** | 56,608 |
| Trade receivables | 10 | **145,454** | 123,717 |
| Prepayments, deposits and other receivables | | **10,028** | 4,170 |
| Amount due from a related company | | **6,828** | 1,653 |
| Available-for-sale investments | | **2,000** | — |
| Pledged deposits | | **2,000** | — |
| Cash and cash equivalents | | **966,567** | 858,579 |
| **Total current assets** | | **1,175,449** | 1,044,727 |
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | 11 | **125,083** | 72,811 |
| Other payables and accruals | | **50,489** | 36,572 |
| Amount due to a related company | | **190** | — |
| Tax payable | | **16,840** | 25,576 |
| **Total current liabilities** | | **192,602** | 134,959 |
| **NET CURRENT ASSETS** | | **982,847** | 909,768 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

*As at 31 December 2014*

| | *Notes* | **2014** *RMB'000* | 2013 *RMB'000* |
|---|---|---|---|
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **1,500,044** | 1,333,060 |
| **NON-CURRENT LIABILITY** | | | |
| Deferred tax liabilities | | **14,600** | 10,900 |
| **Net assets** | | **1,485,444** | 1,322,160 |
| **EQUITY** | | | |
| Equity attributable to equity holders of the Company | | | |
| Issued capital | | **8,386** | 8,385 |
| Reserves | | **1,477,058** | 1,313,775 |
| **Total equity** | | **1,485,444** | 1,322,160 |

*Notes:*

## 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 relocated 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 year.

Pursuant to a special resolution passed at the 2014 annual general meeting of the Company held on 5 June 2014 and approval from the Registrar of Companies in the Cayman Islands, the name of the Company was changed from "Prince Frog International Holdings Limited" to "China Child Care Corporation Limited".

The Company also changed its Chinese name from "青蛙王子國際控股有限公司" to "中國兒童護理有限公司" which is part of its legal name.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to IFRS 10, IFRS 12 and IAS 27 | *Investment Entities* |
| Amendments to IAS 32 | *Offsetting Financial Assets and Financial Liabilities* |
| Amendments to IAS 39 | *Novation of Derivatives and Continuation of Hedge Accounting* |
| IFRIC 21 | *Levies* |
| Amendment to IFRS 13 included in *Annual Improvements 2010-2012 Cycle* | *Short-term Receivables and Payables* |
| Amendment to IFRS 1 included in *Annual Improvements 2011-2013 Cycle* | *Meaning of Effective IFRSs* |

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

## 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, finance costs as well as corporate and 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 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* | Adult's personal care products *RMB'000* | Other products *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **Year ended 31 December 2014** | | | | |
| **Segment revenue:** | | | | |
| Sales to external customers | **1,325,863** | **49,570** | **107,036** | **1,482,469** |
| **Segment results** | **598,048** | **15,635** | **27,260** | **640,943** |
| Interest income derived from banks | | | | **17,353** |
| Other unallocated income and gains | | | | **9,177** |
| Corporate and other unallocated expenses | | | | **(452,286)** |
| Profit before tax | | | | **215,187** |
| **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** |
| **Other segment information:** | | | | |
| Depreciation and amortisation* | **6,046** | **53** | **446** | **6,545** |
| Capital expenditure** | **1,020** | **—** | **94** | **1,114** |

## 3. OPERATING SEGMENT INFORMATION *(continued)*

| | Children's personal care products *RMB'000* | Adult's personal care products *RMB'000* | Other products *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **Year ended 31 December 2013** | | | | |
| **Segment revenue:** | | | | |
| Sales to external customers | 1,518,886 | 63,830 | 129,490 | 1,712,206 |
| **Segment results** | 648,937 | 19,287 | 32,364 | 700,588 |
| Interest income derived from banks | | | | 4,991 |
| Other unallocated income and gains | | | | 9,038 |
| Corporate and other unallocated expenses | | | | (404,960) |
| Finance costs | | | | (33) |
| Profit before tax | | | | 309,624 |
| **Segment assets** | 190,670 | 5,317 | 29,757 | 225,744 |
| *Reconciliation:* | | | | |
| Corporate and other unallocated assets | | | | 1,242,275 |
| Total assets | | | | 1,468,019 |
| **Segment liabilities** | 61,475 | 3,519 | 7,817 | 72,811 |
| *Reconciliation:* | | | | |
| Corporate and other unallocated liabilities | | | | 73,048 |
| Total liabilities | | | | 145,859 |
| **Other segment information:** | | | | |
| Depreciation and amortisation* | 5,808 | 58 | 403 | 6,269 |
| Capital expenditure** | 4,780 | — | 434 | 5,214 |

* Depreciation and amortisation consists of depreciation of plant and machinery and amortisation of intangible assets.

** Capital expenditure consists of additions to plant and machinery.

## 3. OPERATING SEGMENT INFORMATION *(continued)*

**Geographical information**

Since over 90% of the Group's revenue was generated from the sales in Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

**Information about major customers**

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the years ended 31 December 2014 and 2013, therefore no information about major customers is presented.

## 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:

| | **Group** | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| *Revenue* | | |
| Sales of goods | **1,482,469** | 1,712,206 |
| *Other income and gains* | | |
| Interest income derived from banks | **17,353** | 4,991 |
| Income derived from available-for-sale investments | **4,173** | 3,239 |
| Income derived from an entrusted loan receivable | **—** | 1,174 |
| Government subsidies* | **3,436** | 3,194 |
| Net fair value gains on foreign exchange derivative financial instruments – transactions not qualified as hedges | **768** | 343 |
| Others | **800** | 1,088 |
| | **26,530** | 14,029 |
| | **1,508,999** | 1,726,235 |

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

## 5. FINANCE COSTS

| | Group 2014 *RMB'000* | 2013 *RMB'000* |
|---|---|---|
| Interest on bank borrowings wholly repayable within five years | **—** | 33 |

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | Group 2014 *RMB'000* | 2013 *RMB'000* |
|---|---|---|
| Cost of inventories sold | **777,879** | 901,895 |
| Depreciation | **15,883** | 13,258 |
| Amortisation of prepaid land lease payments | **434** | 434 |
| Amortisation of intangible assets | **1,440** | 1,440 |
| Gain on disposal of items of property, plant and equipment | **—** | (194) |

## 7. INCOME TAX EXPENSE

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 year (2013: 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.

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Current - Mainland China | | |
| Charge for the year | **51,964** | 104,046 |
| Overprovision in prior year | **(40,870)** | — |
| | **11,094** | 104,046 |
| Deferred | **3,700** | 6,000 |
| Total tax charge for the year | **14,794** | 110,046 |

## 8. DIVIDENDS

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Dividend paid during the year: | | |
| Final — HK5.0 cents (2013: HK6.0 cents) per ordinary share | **40,107**(ii) | 48,265(i) |
| Proposed final HK5.0 cents (2013: HK5.0 cents) per ordinary share | **39,857**(iii) | 39,723(ii) |

(i) In respect of the financial year ended 31 December 2012

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

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

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

## 9. 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 year attributable to the equity holders of the Company of RMB200,393,000 (2013: RMB199,578,000) and the weighted average number of ordinary shares in issue during the year of 1,010,479,000 (2013: 1,010,008,399).

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to the equity holders of the Company of RMB200,393,000 (2013: RMB199,578,000). The weighted average number of ordinary shares of 1,010,987,000 (2013: 1,018,055,514) used in the calculation is the weighted average number of ordinary shares of 1,010,479,000 (2013: 1,010,008,399) in issue during the year, 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 year of 508,000 (2013: 8,047,115).

## 10. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **145,454** | 123,717 |

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:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Within 30 days | **107,733** | 81,203 |
| 31 to 60 days | **34,611** | 40,533 |
| 61 to 90 days | **2,539** | 688 |
| Over 90 days | **571** | 1,293 |
| | **145,454** | 123,717 |

## 10. TRADE RECEIVABLES *(continued)*

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

| | | | Past due but not impaired | |
|---|---|---|---|---|
| | **Total** | **Neither past due nor impaired** | **1 to 30 days** | **Over 30 days** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 2014 | 145,454 | 113,038 | 29,364 | 3,052 |
| 2013 | 123,717 | 86,582 | 35,257 | 1,878 |

The Group's trade receivables that were neither past due nor impaired mainly represent sales made to recognised and creditworthy customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 11. 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:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Within 1 month | **76,590** | 55,354 |
| 1 to 3 months | **48,490** | 17,451 |
| Over 3 months | **3** | 6 |
| | **125,083** | 72,811 |

The trade and bills payables are non-interest-bearing and are normally settled on one to six months' terms.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, the Group saw the 20th anniversary of establishment when the production management base in Zhangzhou City of Fujian Province was relocated in the newly completed industrial park as well. The Group continued to further expand its sales channels in second, third and fourth-tier cities of the PRC to consolidate its market leading position thereon and actively opened up sales channels of large supermarket chains. Influenced by the factors including stern market competition and decrease in consumption demand, the revenue in 2014 decreased by about 13.4% as compared with that in 2013, among which, the revenue from "Frog Prince" branded children's skin care, children's body and hair care and children's oral care products decreased by about 12.7% as compared with that in 2013. However, the Group is still of the view that "Frog Prince" brand has steadily established solid brand image and the Group also received various awards and recognition in 2014 as follows:

— On 15 March 2014, the Group was honored as "Excellent Enterprise for Trustworthy Quality and Service in China" (全國品質和服務誠信優秀企業) by China Quality Inspection Association.

— In March 2014, the Group was honored as "Excellent Enterprise for Implementation of Brand Strategy in 2013" (2013年度實施名牌戰略先進企業) by Brand Association of Fujian Province.

— On 20 March 2014, Mr. Wen Wenzhong, director of the research and development department of the Group, was appointed as a member of "National Technical Committee on Fragrance and Flavor Cosmetic of Standardisation Administration (全國香精化妝品標準化技術委員會) (SAC/TC257)" by the Standardisation Administration of the PRC.

— On 16 April 2014, the babies' and toddlers' washing and skin care products with the brand of "Frog Prince" of the Group ranked the "first place in 2013 overall market share among similar products" jointly appraised and elected by China General Chamber of Commerce and China National Commercial Information Centre.

— On 22 May 2014, the Group was awarded the title of "2013 Annual Commended Enterprise of the Year for Brand Competitiveness" (中國工業企業品牌競爭力2013年度評價表彰企業) by the Ministry of Industry and Information Technology of the PRC.

— On 6 June 2014, the Group was awarded the title of "Excellent Enterprise for Quality Inspection Work in China" (全國品質檢驗工作先進企業) (2011-2013) by China Quality Inspection Association.

— On 13 June 2014, the animation and cartoon image of "Frog Prince" was selected as the "Cartoon Images of the Year on the List of Top Cartoon Brand 2012-2013" (2012-2013天下動漫風雲榜 — 年度動漫形象) by Cartoon Commission of the Chinese TV Artists Association (中國電視藝術家協會卡通藝術委員會), Chinese Cartoon Industry Forum (中國卡通產業論壇) and China A&C Source (中國動漫資源網) jointly.

— On 19 June 2014, the Group was awarded the title "Enterprise Model of Industrial Brand Development in China" (全國工業品牌培育示範企業) by the Ministry of Industry and Information Technology of the PRC.

— In July 2014, "Frog Price" brand of the Group was awarded as "Brand of Most Growth Potential in 2013" (2013年度最具成長力商標) in a survey with the participation of ten thousands of consumers jointly hosted by Chinese Industry Commerce News and Chinese Consumer Magazine of China Consumers' Association.

— On 13 September 2014, the Group was awarded as the "Excellence Award in Competitive Products Exhibition of Chinese Fragrance Flavour and Cosmetics in 2014" (2014中國香料香精化妝品產業精品巡禮展精品獎) by China Association of Fragrance Flavour and Cosmetics Industry (中國香料香精化妝品工業協會).

— On 20 November 2014, the Group was awarded as the "Executive Member Entity of Integrity Alliance of Excellent Enterprise of China Babies and Toddlers Industry" (中國嬰幼兒產業優秀企業誠信聯盟理事單位) and "Social Development Responsibility Award for Caring Babies and Toddlers" (關愛嬰幼兒社會發展責任獎) by Children Development and Research Center of China National Committee for the Wellbeing of the Youth (中國關心下一代工作委員會兒童發展研究中心) and Chinese Babies' and Toddlers' Development Forum Committee (中國嬰幼兒發展論壇組委會).

— On 20 November 2014, "Frog Prince" brand of the Group was awarded the "Top 10 Healthy Brand in China Babies' and Toddlers' Products Industry" by Children Development and Research Center of China National Committee for the Wellbeing of the Youth (中國關心下一代工作委員會兒童發展研究中心) and Chinese Babies' and Toddlers' Development Forum Committee (中國嬰幼兒發展論壇組委會).

— On 18 December 2014, the brand of "Frog Prince" was ranked the first place in the subdivision category of children's products on the Ranking of Chinese Cosmetic Brands (中國化妝品細分品類排行榜兒童品類第一名) by Agency of Cosmetic Newspaper (化妝品報社).

## Business Review

1. *Differentiated animation marketing strategies*

   In 2014, the Group continued its adherence to differentiated animation marketing strategies and promoted its brand in a in-depth manner by means of interstitial advertising. Since the debut of the third season (totaling 52 episodes) of the Group's animation series "Frog Prince School" (《蛙蛙學校》) on CCTV children's channel on 15 November 2013, it has been broadcast by means of interstitial advertising on 305 provincial and local TV stations, and other 5 children's TV channels, i.e. Aniworld Satellite TV, Beijing Kaku, Shanghai Toonmax, Nanjing You Man, Guangzhou Jiajia, and online video platforms in 2014. The Group produced 253 by-products based on "Frog Prince School" (《蛙蛙學校》), as promotion items in stores and through e-commerce channels. In addition, the salesmen of the Group in "Frog Prince" human-shaped doll outfits at the activities in stores led children to dance and sing "Seven-coloured Dreams", the theme song of "Frog Prince School" (《蛙蛙學校》). Accordingly, the intimacy image of "Frog Prince" brand was also promoted. In future, the Group will continuously explore marketing resources from animation and carry out deep animation marketing in the omni-channel.

2. *Vigorous expansion of sales channels*

   In 2014, while tapping further into conventional sales channels, the Group also actively opened up new markets by continuously distributing products to supermarkets and convenience stores via distributors. Distributors increased from 214 as at the end of 2013 to 223 as at the end of 2014, spreading from provinces to autonomous regions all across the country. In 2014, the Group gained a new presence in 1,485 large and small supermarket stores in China and completed its entry deployment in international supermarket chains, such as Walmart, RT-MART, Carrefour, etc. and cross-regional supermarket chains in China, such as CR Vanguard, Yonghui, Century Mart and so forth.

In addition, the Group actively expanded the e-commerce sales channels by establishing a sales model including online sub-distributors with Tmall (www.tmall.com) as the core, coupled with the expansion of Jingdong Mall (www.jd.com), Taobao (www.taobao.com), Yihaodian (www.yihaodian.com) and other domestic mainstream e-commerce platforms and online distribution business. In 2014, the Group continued to boost its e-commerce sales through our e-commerce distributors by conducting a series of online marketing activities.

*3. Launch of diverse promotion campaigns*

In 2014, the Group launched the two-way interactive marketing campaigns which covered both the off-line and on-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 4,500 large-scale promotional activities in more than 1,500 key stores located in approximately 200 cities of key provinces across the country under the themes of "Grow up-goodbye babies' products" (長大—再見嬰兒用品), "Grow up-more companion" (長大—多陪伴) and "Grow up-appreciation for the great efforts from beloved mother" (長大—媽媽辛苦了) in March, May and September 2014 respectively; in the meantime, the Group produced posters in both cartoon and real person versions and put them on the online platforms, which delivered to the consumers the concept of "babies' products not suited for grown-up children" (長大了就不該再用嬰兒產品) through the sense of conflict in the images. On "June 1" International Children's Day, the Group held large-scale roadshows in over 34 cities nationwide at the same time under the theme of "Grow up-more companion" (長大—多陪伴). As a continuation of the "Frog Prince" brand concept of being companion alongside children's healthy growth, the Group through online platform encouraged the children to plan the itinerary of "June 1" themselves and emphasised the parents' companion for children during the "June 1" holiday. Since October 2014, based on the theme of "Being Grateful for 20 years" (感恩20年), the Group built the inflatable castles outside the hypermarkets to attract customers, and presented more large-scale sales campaigns to consumers by means of promotion packs, gifts, etc. The Group also held nearly 3,500 weekend promotional activities in the key chain supermarket stores across the country.

*4. Accurate brand communications*

The Group continued its cooperation with the hot TV programme namely "Where Are We Going, Dad?" in 2013. During the Spring Festival of 2014, the Group went into the advertising partnership with the movie of "Where Are We Going, Dad?" and the second season of the aforesaid TV programme and, at the same time, were in-depth advertising cooperation with CCTV children's channel, Hunan TV, Anhui TV, Yunnan TV and other local TV stations in order to maintain the visibility of the brand. In the second quarter and fourth quarter of 2014, through Focus Media, the Group ran video advertisements in the large-scale supermarkets, such as Walmart, Carrefour, CR Vanguard, etc., in over 20 cities including Shanghai, Hangzhou and Zhengzhou. Such advertisements successfully reached the targeted consumers in the end markets and therefore accomplished the terminal interception. To have the targeted consumers be more familiar with the brand, in February and September of 2014, the beginning of new semesters, the Group also placed advertisements on the outdoor light boxes over 500 kindergartens in the second and third-tier cities such as Jinan, Chengdu and Wuhan, and held the activities of "Ceremony for Graduation and Growing Up" (畢業成童禮) in kindergartens to promote the brand concept of "babies' products not suited for grown-up children" (長大了就不該再用嬰兒產品). In order to cater for the media preference of young mothers, the Group continued to launch comprehensive internet marketing and promotion via 6 major modes of internet communication platforms, including Weibo marketing, article marketing, knowledge marketing, Q&A marketing, internet media collaboration and information detection.

**Excellence in Quality Control**

Product quality and safety control have always been the focus of 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 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 2014, by leveraging on the construction of the "Standardisation Research Base for Cosmetic Products for Chinese Children", the Group on one hand, as a member of Standardisation 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 research and discussion for cosmetic products supervision, including standards on cosmetic products labeling, safety assessment methods for cosmetic products and regulatory measures on children's cosmetic products, and made proper recommendation on the future supervision of cosmetic products in the PRC. On the other hand, the Group collated and amended management standards and work standards at enterprise level, and obtained the approval and filed for production standards of 13 enterprise products in 2014. The requirements of above products standards are more stringent than the national standards in terms of safety. The manufacture standards are independent intellectual property of the Group.

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

In 2014, the Group continued to scale up its investment in R&D and cooperate with 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 order to improve the professional skills of the technicians, the Group also organised seminars conducted by professors from colleges and universities as well as industrial experts on the professional skills of cosmetics, relevant laws and regulations, formula systems, etc. Meanwhile, the Group actively collaborated with industry-leading product content suppliers, in fields such as plant extraction and formula optimisation, to develop more natural and moisturising products to strengthen the Group's core competitiveness. The Group also cooperated with the domestically well-known R&D agencies to develop products designed for alleviating children's skin problems based on the study on the characters of children's skin.

Frog Prince (China) was granted the High-New Technology Enterprise Certificate. The Group also submitted applications for patents from time to time (as of 31 December 2014, the Group owns 23 patents and 6 patents are under active application). The successful obtaining of these patents will further prove the Group's R&D capability in children's cosmetics and protect the Group's independent intellectual property.

## Social Responsibility

On 18 May 2014, the Group donated RMB1 million to China Women's Development Foundation. The fund will be utilised to support the charity project titled "Safeguard the Childhood" (守護童年), which was hosted by the All China Women's Federation and co-sponsored by China Women's Development Foundation together with over 100 non-profit organisations. Based on such project, the Group organised charity summer camp of "Safeguard the Childhood" (守護童年), which particularly targeted the children at appropriate age and their parents. With the theme of "Grow up-different care needed" (長大了，我們要的呵護不一樣), the camp was held in Xiamen on 15 August 2014 and the 50 family groups who participated in the summer camp were from all parts of the country and screened through Internet questionnaires and voting.

On 24 May 2014, the Group and Blue Bird Seeds (青鳥種子) of China Charities Aid Foundation for Children co-sponsored a large-scale public education lecture "Are you loving in an appropriate way—Understanding the father" (你愛對了嗎—發現父親) in Beijing. The lecture invited Dongzi, a famous child education expert in China, to be the speaker and attracted more than 300 parents to attend the lecture.

On "June 1" International Children's Day of 2014, the Group launched a series of children caring activities within the enterprise, such as giving customised presents for children of all the employees and organising activity for caring the oral health of children.

On 3 August 2014, the Group donated summer mosquito repellent for children with an aggregate amount of RMB1 million to those affected by the earthquake in Ludian County, Zhaotong City, Yunnan Province aiming to help relieve the mosquitoes-infested situation and the lack of children's personal care products.

In October 2014, under the theme of "smiling juvenile with oral health" (健康口腔，微笑少年), the Group conducted the public promotion activities in respect of children's oral care knowledge jointly with China Oral Health Foundation (中國牙病防治基金會). Currently, the Group has prepared relevant teaching materials in relation to oral health education and will provide oral health education courses at schools nationwide in the future so as to promote the educational development of children's oral health in China.

## Financial Review

For the year ended 31 December 2014, revenue of the Group was approximately RMB1,482.5 million, representing a decrease of about 13.4% as compared to RMB1,712.2 million for the year ended 31 December 2013. During the reporting period, the revenue from core children's personal care products of the Group was approximately RMB1,325.9 million, representing a decrease of about 12.7% over the same period of last year (31 December 2013: RMB1,518.9 million). Revenue from adult's personal care and other products, including OEM products, amounted to approximately RMB156.6 million, representing a decrease of about 19.0% over the same period of last year (31 December 2013: RMB193.3 million). In 2015, the Group will cease the original diaper business as it is not a core business. In addition, with fiercer competition in the diaper market, the sales of diapers decreased year by year. Therefore, the Group has decided to cease the diaper sales, which will not have substantial impact on other and overall business of the Group upon cessation. The decrease in the revenue of the Group as compared to the same period of last year was mainly attributable to: firstly, the slower growth of domestic economy; secondly, the slower growth in sales of offline stores due to switch of consumption habit to e-commerce; and thirdly, the stringent market competition.

*Gross Profit and Gross Profit Margin*

Gross profit of the Group for the year ended 31 December 2014 was approximately RMB704.6 million, representing a drop of about 13.0% as compared with RMB810.3 million for the year ended 31 December 2013. During the year, the gross profit margin increased by around 0.2 percentage point over the same period of last year to about 47.5% (31 December 2013: 47.3%). The main factor contributing to the growth was that the business of lower gross profit margin such as diaper had declined significantly in the reporting period. The gross profit margin for children's personal care products, the core business, was about 49.6%, representing a decrease of around 0.3 percentage point over the same period of last year (31 December 2013: 49.9%). The main reason was that the Group enhanced the marketing on children's hair and body care products and oral care products through set packaging, gross profit margin of which was lower than that of single product.

*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 RMB430.8 million for the year ended 31 December 2014, representing an increase of about 1.7% as compared with RMB423.4 million for the year ended 31 December 2013. The selling and distribution expenses accounted for about 29.1% of the Group's revenue during the year, representing an increase of around 4.4 percentage points as compared with 24.7% for the year ended 31 December 2013. The increase was principally attributable to: firstly, advertising and promotion expenses, which, as a percentage of revenue, had increased from 18% for the year ended 31 December 2013 to about 21.7% for the year ended 31 December 2014, an increase of around 3.7 percentage points, and the main reason for this was that the Group increased the promotion expenses at hypermarkets in the fourth quarter, including additional display stands, distribution of product samples and the implementation of the sales promotion policy of offering gifts; and secondly, the transportation expenses, as a percentage of revenue, had increased around 0.5 percentage point from 4.3% for the year ended 31 December 2013 to about 4.8% for the year ended 31 December 2014, mainly due to the fact that six new transit warehouses were made available in 2014 to improve the Company's operations of transportation and logistics with Walmart and RT-MART.

*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 RMB82.2 million for the year ended 31 December 2014 (31 December 2013: RMB89.3 million), representing a decrease of about 7.9%. The main reason for the drop in administrative expenses was that cost for staff in the back-office as a whole was reduced due to the decrease in demand for such staff caused by the Group's effective optimization in operation procedure. Administrative expenses accounted for about 5.5% of the Group's revenue during the year (31 December 2013: 5.2%).

*Finance Costs*

The Group had no finance costs for the year ended 31 December 2014 (31 December 2013: RMB0.03 million).

*Net Profit and Net Profit Margin*

For the year ended 31 December 2014, profit attributable to equity holders of the Company amounted to approximately RMB200.4 million, representing an increase of about 0.4% as compared with RMB199.6 million for the year ended 31 December 2013. The net profit margin grew by around 1.8 percentage points to about 13.5% from 11.7% for the year ended 31 December 2013, with basic earnings per share of approximately RMB19.8 cents (31 December 2013: RMB19.8 cents). This is principally due to the fact that Frog Prince (China), a subsidiary of the Company, became entitled to the preferential income tax rate for High-New Technology Enterprises in April 2014 with retrospective effect starting from the year ended 31 December 2013. Therefore, the tax rate applicable to the Group for each of the three years ended 31 December 2013 and 2014 and ending 31 December 2015 decreased from 25% to 15%. As a result, a write-back of tax provision of approximately RMB40.9 million in respect of the year ended 31 December 2013 was made during the reporting period.

*Capital Expenditure*

For the year ended 31 December 2014, the Group's material capital expenditure amounted to approximately RMB110 million (31 December 2013: RMB230.6 million), including expenditure incurred in the construction of phase II of the plant at the new industrial park.

*Financial Resources and Liquidity*

As at 31 December 2014, cash and cash equivalents of the Group amounted to approximately RMB966.6 million (31 December 2013: RMB858.6 million). The current ratio was 6.1 (31 December 2013: 7.7). 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 promotion; secondly, the investment in research and development including construction of new R&D laboratory and research and development of new products; and thirdly, pursuit of the potential opportunity for acquisition.

*Trade Receivables Turnover Days*

During the year, the Group's trade receivables turnover days were 33.1 days (31 December 2013: 25.5 days), calculated as the average of the beginning and ending balances of trade receivables for the year divided by total revenue for the year and multiplied by 365 days. 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 year was mainly due to the increase in the number of direct supermarket chains and the longer payment days for direct sales.

*Trade and Bills Payables Turnover Days*

During the year, trade and bills payables turnover days came to 46.4 days (31 December 2013: 27.9 days), calculated as the average of the beginning and ending balances of trade and bills payables for the year divided by cost of sales for the year and multiplied by 365 days. The increase in trade and bills payables turnover days was mainly due to the extended credit period provided to the Group for accounts payable due to suppliers of the Group during the year.

*Inventory Turnover Days*

During the year, inventory turnover days came to 23.3 days (31 December 2013: 20.1 days), calculated as the average of the beginning and ending inventories for the year divided by cost of sales for the year and multiplied by 365 days. The slight increase in inventory turnover days compared with the same period in 2013 was mainly due to the decrease in the sales volume of the Group in 2014.

*Gearing Ratio*

As of 31 December 2014, current assets of the Group were approximately RMB1,175.4 million, total assets were approximately RMB1,692.6 million, current liabilities were approximately RMB192.6 million and total liabilities were approximately RMB207.2 million. The gearing ratio (total liabilities/total assets) of the Group was 12.24% (31 December 2013: 9.94%).

*Bank Borrowings*

As at 31 December 2014, the Group had no bank borrowings (31 December 2013: Nil).

*Pledge of Assets*

As at 31 December 2014, the Group had pledged deposits of RMB2 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 (31 December 2013: Nil).

*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*

As at 31 December 2014, the Group was not exposed to any major risks from foreign exchange fluctuations and new foreign exchange forward contracts have been signed to manage foreign exchange fluctuations.

*Contingent Liabilities*

During the year, 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 31 December 2014, the Group pledged deposits of RMB2,000,000 placed with the bank for this banking facility arrangement, and executed guarantees of a total of approximately RMB33,750,000 to the bank in connection with the amounts advanced to these customers by the bank, of which approximately RMB17,663,000 (2013: Nil) was utilised as at 31 December 2014.

## FUTURE PROSPECTS

The Group considers that the potential market demand for children's personal care products is huge. Influenced by the gradually slacking birth policy of the PRC government and the implementation of policy that if one of the parents is a single child, they are allowed to have two children (單獨二孩政策) across the country, it is estimated that the PRC might see another baby boom in the coming years, sustaining the demand for children's personal care products. In future, the Group will continue to focus on the development of this core business segment, in particular our "Frog Prince" brand personal care products targeting children aged 3 to 12, 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).

With regard to distribution channels, the Group will continue to pursue its "Branding comes first" philosophy and press ahead with the transformation of its channels. The Group will continuously increase its market share in international and cross-regional supermarket chains and first-tier cities, while consolidating the market share and boosting market penetration in the second, third and fourth-tier cities, so as to increase its sales revenue. The Group will also synchronise online and offline marketing to generate synergy in an effort to develop niche market of the e-commerce channel.

In terms of products, the Group will continue to market its market-leading skin care series products for children as the Group's core offerings and develop its children's body and hair care series and children's oral care products to be the Group's other two core offerings. As such, the Group will have three core categories, which would in turn help boost the market share of other offerings of the Group. Further, the Group will gradually shift the positioning of products from middle-end to middle and high-end. The Group will continue to improve products contents and to upgrade the packaging and design of outward appearance, in accordance with the preferences and consumption habits of different consumers.

As for marketing, the Group makes efforts to build a full range of brand strategy, including television advertising, cartoon, advertising on movie, buildings and in supermarkets, media marketing with parents and children, magazine advertising, exhibitions, forums, programmes with parents and children, charity activities, etc., and also continues to make use of an animated cartoon culture as its differentiated marketing strategy to infuse the brand with different cultural connotations and cultivate consumers' recognition with the brand. In the meantime, the Group will also continue to consolidate the brand positioning of "Frog Prince", communicating that it cares for the growth of children aged 3 to 12 through its terminal market activities and introduce the consumption concept of "skin care products for children" to enhance brand loyalty of consumers.

Regarding the innovation and R&D, the Group will also step up the works for the project of "Standardisation Research Base for Cosmetic Products for Chinese Children" (中國兒童化妝品標準化研究基地) in conjunction with the Standardisation Administration of the PRC, and the project of "Children's Cosmetics Research Base of the Department of Applied Chemistry of South China University of Technology" (華南理工大學應用化學系兒童化妝品科研基地) in conjunction with South China University of Technology. The Group will also complete the construction of the R&D base of industrial leading level and actively cooperate with the internationally and domestically well-known raw material suppliers and agencies engaging in R&D and scientific research, with a view to strengthening the Group's core competitiveness by increasing R&D input.

Regarding social responsibility, the Group will continue to cooperate with the charity organisations including China National Committee for the Wellbeing of the Youth, China Women's Development Foundation and China Oral Health Foundation, etc. The Group will also promote social events, such as "Half-day holiday on June 1" (六一半天假), "Safeguard the Childhood" (守護童年), "Education for Oral Care Knowledge of Children" (兒童口腔護理知識教育) etc., so as to perform the social responsibility of the enterprise.

The Group has been on the journey in spite of trials and hardships for 20 years. Looking ahead, the Group will continue to adhere to its mission, which is: "To provide safer, more reliable and more professional personal care products for children" (為孩子們提供更安全、更放心、更專業的個人護理產品), and to focus on the steady and healthy development of our core business to generate higher shareholder value continuously.

## USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2011. The net proceeds from the Company's issue of new shares after deducting underwriting commissions and related expenses amounted to approximately HK$646 million (approximately RMB536 million), which have been used up per planned of prospectus as at 31 December 2014.

## EMPLOYEES AND REMUNERATION

As at 31 December 2014, the Group employed 1,125 employees (31 December 2013: 1,840 employees). The decrease in the number of employees is mainly due to: firstly, improvement of automated production facilities resulted in the decrease in demand for staff; and secondly, less back-office employees needed by the Group due to effective process procedure of the Group. 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 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 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.

The Group also provides training to its employees to help them to master relevant skills.

## 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 year ended 31 December 2014.

## FINAL DIVIDEND

The directors recommended a final dividend of HK5.0 cents (approximately RMB4.0 cents) per ordinary share for the year ended 31 December 2014, representing a total of approximately HK$50.1 million (approximately RMB40.1 million), payable to the Company's shareholders whose names appear on the Company's register of members on 16 June 2015. This dividend payment, subject to the approval of the shareholders at the Company's annual general meeting to be held on 4 June 2015 (the "**2015 AGM**"), is expected to be paid on 6 July 2015.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2 June 2015 to 4 June 2015 (both days inclusive) for the purpose of determining the right to attend and vote at the 2015 AGM. In order to be entitled to attend and vote at the 2015 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's branch share registrar and transfer office (i.e. Computershare Hong Kong Investor Services Limited) at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 1 June 2015.

In addition, the register of members of the Company will also be closed from 12 June 2015 to 16 June 2015 (both days inclusive) for the purpose of determining the entitlement to the above-mentioned proposed final dividend. In order to be qualified for the proposed final dividend (if approved by the shareholders at the 2015 AGM), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's branch share registrar and transfer office at the above address for registration not later than 4:30 p.m. on 11 June 2015.

## AUDIT COMMITTEE

The Audit Committee of the Company, comprising the Company's three independent non-executive directors, has reviewed the consolidated financial statements of the Company for the year ended 31 December 2014, and discussed with the auditors of the Company on accounting principles and practices adopted by the Group and 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 as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year ended 31 December 2014, 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 strategies and decisions. 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 ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.princefrog.com.cn) and the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 31 December 2014, containing all the information required by the Listing Rules, will be dispatched to the shareholders 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
25 March 2015

*As at the date of this announcement, the Board 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.*