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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)**

**新煮意控股有限公司**

**FOOD IDEA HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8179)**

**JOINT ANNOUNCEMENT  
DISCLOSEABLE TRANSACTION IN RELATION TO  
FORMATION OF JOINT VENTURE**

**FORMATION OF JOINT VENTURE**

The China Child Care Board and Food Idea Board are pleased to announce that on 24 November 2017 (after trading hours), Elegant Empire and Avis Glory entered into the JV Agreement in relation to the formation of the JV Company for the purpose of amongst other things, regulating the ownership, funding and management in the JV Company. Upon the formation of the JV Company, the JV Company will be owned as to 50% by Elegant Empire and 50% by Avis Glory.

**IMPLICATIONS UNDER THE LISTING RULES/GEM LISTING RULES**

**China Child Care**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the formation of the JV Company contemplated under the JV Agreement exceeds 5% and all of the percentage ratios are less than 25%, the entering of the JV Agreement constitutes a discloseable transaction for China Child Care under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Food Idea is a substantial shareholder of an insignificant subsidiary of China Child Care under Rule 14A.09 of the Listing Rules, as such Food Idea is not regarded as a connected person of China Child Care and hence the formation of JV Company does not constitute a connected transaction of China Child Care under Chapter 14A of the Listing Rules.

## **Food Idea**

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the formation of the JV Company contemplated under the JV Agreement exceeds 5% and all of the percentage ratios are less than 25%, the entering of the JV Agreement constitutes a discloseable transaction for Food Idea under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **FORMATION OF JOINT VENTURE**

### **Background**

The China Child Care Board and Food Idea Board are pleased to announce that on 24 November 2017 (after trading hours), Elegant Empire and Avis Glory entered into the JV Agreement in relation to the formation of the JV Company for the purpose of amongst other things, regulating the ownership, funding and management in the JV Company. Upon the formation of the JV Company, the JV Company will be owned as to 50% by Elegant Empire and 50% by Avis Glory.

The principal terms of the JV Agreement are set out below:

### **The JV Agreement**

Date : 24 November 2017 (after trading hours)

Parties : (i) Elegant Empire, a direct wholly-owned subsidiary of China Child Care  
(ii) Avis Glory, a direct wholly-owned subsidiary of Food Idea

As disclosed in the announcement of China Child Care dated 27 April 2017, Jumbo Excel became a non-wholly owned subsidiary of China Child Care upon completion of an acquisition. As at the date of this announcement, Food Idea indirectly controls 50% of shareholding interest in Jumbo Excel and thus is a substantial shareholder of Jumbo Excel. Jumbo Excel is an insignificant subsidiary of China Child Care under Rule 14A.09 of the Listing Rules, as such Food Idea is not regarded as a connected person of China Child Care.

To the best knowledge, information and belief of China Child Care Board and after making reasonable enquiries, as at the date hereof, Avis Glory and its ultimate beneficial owners are third parties independent of China Child Care and its connected persons (as defined under the Listing Rules).

To the best knowledge, information and belief of Food Idea Board and after making reasonable enquiries, as at the date hereof, Elegant Empire and its ultimate beneficial owners are third parties independent of Food Idea and its connected persons (as defined under the GEM Listing Rules).

### **Ownership of the JV Company**

Pursuant to the terms of the JV Agreement, Elegant Empire and Avis Glory agreed to form the JV Company under the laws of Hong Kong. The JV Company shall be owned as to 50% by each of Elegant Empire and Avis Glory. Any profit or loss of the JV Company shall be shared in proportion to the respective shareholding interest in the JV Company.

The JV Company will be accounted for as a jointly-controlled entity of China Child Care and Food Idea respectively and hence, the revenue, assets and liabilities of the JV Company will not be included in to the consolidated financial statements of China Child Care Group or Food Idea Group.

In the event of the transfer of shares in the JV Company by any shareholder, the other shareholder shall have the pre-emption right to acquire the shares in the JV Company.

### **Business of the JV Company**

The JV Company shall be engaged in the manufacturing and sale of dessert and juice beverages under the brand of “Lucky Dessert 發記甜品” in the PRC. Elegant Empire and Avis Glory agree that the JV Company shall, in each year, target to manufacture and sell not more than 50 million bottles of dessert and juice beverages in the PRC.

Food Idea owns 49% shareholding interest of Lucky Dessert (China) Holdings Limited, a company incorporated in the British Virgin Islands. China Child Care owns 15% of a company which owns 49% shareholding interest of Lucky Dessert (China) Holdings Limited. Lucky Dessert (China) Holdings Limited and its subsidiaries are engaged in the dessert catering business in the PRC under the brand of “Lucky Dessert 發記甜品”.

Avis Glory shall (i) procure the JV Company to be licensed to use the brand of “Lucky Dessert 發記甜品” to carry out the business; (ii) provide the JV Company with formulae of dessert and juice beverages; and (iii) perform quality assurance and quality control throughout the entire manufacturing process. Elegant Empire shall leverage on its own networking and distribution channel in the PRC and assist the JV Company to promote and sell the dessert and juice beverages in the PRC.

### **Finance of the JV Company**

Elegant Empire and Avis Glory agree that initial capital to be contributed to the JV Company by each of them shall not be more than HK\$40 million either in cash or in kind, of which HK\$10 million shall be contributed by each party within 3 days after the opening of the JV Company’s bank account. If any party fails to fulfil this obligation, the JV Agreement shall be terminated with immediate effect and no party shall have any liability under the JV Agreement (without prejudice to the rights of either party in respect of antecedent breach of any provisions of the JV Agreement).

In the event that the JV Company requires further funding for the purpose of carrying out its business, the JV Company shall be entitled to obtain the shareholder’s loan from Elegant Empire and Avis Glory, the terms of which to be negotiated and agreed by the relevant parties in writing.

### **Composition of the board of directors of the JV Company**

The board of directors of the JV company will comprise 4 directors. Each of Elegant Empire and Avis Glory shall be entitled to appoint and remove 2 directors. The chairman of the board of directors of the JV Company shall be one of the directors nominated by Avis Glory but the chairman shall not have a casting vote in the board meetings of the JV Company. The passing of the resolutions of the JV Company’s board requires the approval by a majority of the directors present (including at least one director nominated by Elegant Empire and one director nominated by Avis Glory).

## **INFORMATION OF THE PARTIES TO THE JV AGREEMENT**

### **Elegant Empire**

Elegant Empire is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, Elegant Empire is principally engaged in investment holding.

Elegant Empire is a direct wholly-owned subsidiary of China Child Care which is a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1259). As at the date of this announcement, China Child Care Group is principally engaged in the manufacturing and sale of personal care products, money lending, operation of an online platform, trading of commodities, investment in securities, properties holding and investment holding.

### **Avis Glory**

Avis Glory is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, Avis Glory is principally engaged in investment holding.

Avis Glory is a direct wholly-owned subsidiary of Food Idea which is a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8179). As at the date of this announcement, Food Idea Group is principally engaged in catering services and the production, sales and distribution of food products to supermarket chains in Hong Kong, investment in securities and money lending business.

## **REASONS FOR AND BENEFITS OF THE JV AGREEMENT**

### **China Child Care**

China Child Care is striving to improve its business operations and financial position by proactively seeking potential investment opportunities that can diversify China Child Care's existing business portfolio, broaden its source of income, and enhance value to its shareholders.

Leveraging on its sales network, since February 2017, China Child Care has commenced the sale and distribution of beverages business in Guangdong, the PRC. With several months of operation in this new business, China Child Care Board believes that the further expansion into the dessert and juice beverages business will strengthen China Child Care Group's business in this area, and thus bring an additional stream of profit to China Child Care Group.

China Child Care Board considers that the terms of the JV Agreement are on normal commercial terms, fair and reasonable and in the interests of China Child Care and its shareholders as a whole.

### **Food Idea**

By establishing the JV Company, Food Idea can leverage on its experience in the food and beverage industry and develop its specialty in desserts and further expand into PRC market. As such, the formation of the JV Company can create an additional stream of profit for the Food Idea Group and enhance the return to the shareholders of Food Idea.

Food Idea Board considers that the terms of the JV Agreement are on normal commercial terms, fair and reasonable and in the interests of Food Idea and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES/GEM LISTING RULES**

### **China Child Care**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the formation of the JV Company contemplated under the JV Agreement exceeds 5% and all of the percentage ratios are less than 25%, the entering of the JV Agreement constitutes a discloseable transaction for China Child Care under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Food Idea is a substantial shareholder of an insignificant subsidiary of China Child Care under Rule 14A.09 of the Listing Rules, as such Food Idea is not regarded as a connected person of China Child Care and hence the formation of JV Company does not constitute a connected transaction of China Child Care under Chapter 14A of the Listing Rules.

## **Food Idea**

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the formation of the JV Company contemplated under the JV Agreement exceeds 5% and all of the percentage ratios are less than 25%, the entering of the JV Agreement constitutes a discloseable transaction for Food Idea under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Avis Glory”	Avis Glory Limited, a company incorporated in the British Virgin Islands with limited liability
“China Child Care”	China Child Care Corporation Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1259)
“China Child Care Board”	the board of directors of China Child Care
“China Child Care Group”	China Child Care and its subsidiaries
“Elegant Empire”	Elegant Empire Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Food Idea”	Food Idea Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8179)
“Food Idea Board”	the board of directors of Food Idea
“Food Idea Group”	Food Idea and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jumbo Excel”	Jumbo Excel Investment Corporation, a company incorporated in the British Virgin Islands with limited liability and is a non-wholly owned subsidiary of China Child Care
“JV Agreement”	the joint venture agreement dated 24 November 2017 entered into between Elegant Empire and Avis Glory in relation to the formation of the JV Company
“JV Company”	a company to be set up by Elegant Empire and Avis Glory under the laws of Hong Kong, which will be owned as to 50% by each of Elegant Empire and 50% by Avis Glory
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules/GEM Listing Rules

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

By order of the Board  
**Food Idea Holdings Limited**  
**Wong Hoi Yu**  
*Chairman and executive director*

Hong Kong, 24 November 2017



*As at the date of this joint announcement, China Child Care 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 Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan.*

*This joint announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkex.com> for at least 7 days from the date of its posting and on the website of China Child Care at <http://www.princefrog.com.cn>.*

*As at the date of this joint announcement, Food Idea Board comprises Mr. Wong Hoi Yu and Mr. Yu Ka Ho as executive directors, and Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang as independent non-executive directors.*

*This joint announcement, for which Food Idea directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Food Idea. The directors of Food Idea, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this joint announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this joint announcement misleading.*

*This joint announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of Food Idea at <http://www.foodidea.com.hk>.*