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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE TARGET COMPANY

On 21 September 2017 (after trading hours), the Group, through the Purchaser, agreed to acquire from the Vendor the Sale Share and the Sale Loan at the Consideration, by entering into the Agreement in respect of the Acquisition, the principal terms and conditions of which are set out below.

Completion took place immediately after the signing of the Agreement.

As certain applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

On 21 September 2017 (after trading hours), the Group, through the Purchaser, agreed to acquire from the Vendor the Sale Share and the Sale Loan at the Consideration, by entering into the Agreement in respect of the Acquisition, the principal terms and conditions of which are set out below.

THE AGREEMENT

Date : 21 September 2017 (after trading hours)

Parties : (1) The Vendor; and

(2) The Purchaser

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendor and his associates is a third party independent of the Company and its connected persons.

Assets to be acquired by the Group under the Agreement

Pursuant to the Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Share and the Sale Loan of the Target Company free from all Encumbrances together with all rights attaching there to with effect from the date of Completion.

Consideration

The Consideration for the Acquisition is HK\$13,500,000 which shall be settled by the Purchaser on Completion by way of procuring the issue of the Promissory Note by the Company to the Vendor. The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor having taken into account (i) the valuation of the Property of HK\$110,000,000 as at 4 September 2017 conducted by an independent valuer; (ii) the net asset values of the Target Company and Nice Source; and (iii) the capital commitment on the part of the Group for the Property Payment (as defined below).

The Directors consider that the Consideration to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Terms of the Promissory Note

The principal terms of the Promissory Note are summarised below:

Issuer

The Company

Principal amount

The principal amount of the Promissory Note is HK\$13,500,000.

Interest

The Promissory Note carry no interest.

Maturity

The Promissory Note shall be repayable in one lump sum on the date (the “**Maturity Date**”) falling on the first Business Day after the date of completion of the Nice Source Acquisition.

However, in the event that the Provisional Agreement and/or the formal agreement in relation to the Nice Source Acquisition is terminated to the effect that the Nice Source Acquisition will not be proceeded, the Company shall cease to have any obligation to pay the principal sum or any part thereof of the Promissory Note.

Early repayment

The Company may at any time after the date of issue of the Promissory Note up to the date immediately prior to the Maturity Date, repay the entire Promissory Note or any part of it by payment to the holder(s) of the Promissory Note with a ten (10) Business Days' prior notice in writing to the holder(s) of the Promissory Note. This early repayment right is included to allow more flexibility to the Company, the Directors currently has no intention to repay the Promissory Note before the Maturity Date.

Assignment

The Promissory Note may be transferred or assigned by the holder of the Promissory Note to any party other than a connected person (as defined in the Listing Rules) of the Company with ten (10) Business Days' prior notice in writing to the Company.

Conditions Precedent to Completion

Completion of the Agreement shall be unconditional.

Completion

Completion took place immediately after signing of the Agreement. The Target Company has become a wholly-owned subsidiary of the Company and accordingly, the Group shall settle the Property Payment (as defined below) of HK\$86,300,000 and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Company.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability on 28 March 2017. Since its incorporation, the Target Company has not carried on any business except for the entering into of the Provisional Agreement, and it is intended that the Target Company will be principally engaged in investment holding.

The unaudited financial information of the Target Company for the period from 28 March 2017 (being the date of incorporation of the Target Company) to 31 July 2017 is set out below:

**For the period from
28 March 2017
(being the date of
incorporation of
the Target Company) to
31 July 2017
(unaudited)
HK\$**

Loss before and after taxation 7,500

The unaudited total asset value and net liabilities of the Target Company as at 31 July 2017 was HK\$4,500,000 and HK\$7,499 respectively.

The Provisional Agreement

On 9 August 2017, the Target Company entered into the Provisional Agreement with the Nice Source Owners, pursuant to which the Target Company agreed to acquire from the Nice Source Owners the entire share capital of Nice Source for a consideration of HK\$90,800,000.

As at the date of this announcement, the Target Company has paid an initial deposit of HK\$4,500,000 to the Nice Source Owners.

Pursuant to the Provisional Agreement, a further deposit of HK\$4,580,000 shall be paid to the Nice Source Owners on or before 9 November 2017 and the remaining balance of HK\$81,720,000 shall be paid to the Nice Source Owners on the completion of the Nice Source Acquisition, which shall take place on or before 11 December 2017 (collectively, the “**Property Payment**”).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Nice Source Owners and their respective associates is a third party independent of the Company and its connected persons.

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

According to the valuation of the Property as at 4 September 2017 prepared by an independent valuer, the market value of the Property was HK\$110,000,000.

The Property is now subject to a bank mortgage and it is a condition that the mortgage shall be discharged so that the Property is free from encumbrances upon completion of the Nice Source Acquisition.

Financial Information of Nice Source

The following table sets out the financial information of Nice Source:

	For the year ended 31 December 2015 (Audited) HK\$	For the year ended 31 December 2016 (Audited) HK\$
Net profit before taxation	1,172,215	4,235
Net profit/(loss) after taxation	693,061	(282,534)

As at 31 July 2017, the unaudited net asset value of Nice Source was approximately HK\$87,689,064.

INFORMATION ABOUT THE VENDOR

The Vendor is the sole shareholder of the Target Company immediately before completion, a third party independent of the Company and its connected persons.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The principal activity of the Company is investment holding. The 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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition allows the Group to enlarge and diversify its investment properties portfolio, strengthen the income base of the Group and provide capital appreciation potential to the Group. The Property is currently leased out to tenants for a total monthly rent of HK\$487,900. The Company intends to hold the Property for long-term investment purposes. The Board believes that the Acquisition represents a good investment opportunity in Hong Kong's industrial property for the Company and will improve the Company's operating performance in the medium to long run. Accordingly, the Group entered into the Agreement to effect the Acquisition, the terms of which are in the opinion of the Board fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	acquisition of the Sale Share and Sale Loan by the Purchaser from the Vendor on and subject to the terms and conditions of the Agreement
“Agreement”	sale and purchase agreement dated 21 September 2017 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Company”	China Child Care Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1259)
“Completion”	completion of the Acquisition in accordance with the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$13,500,000, being the aggregate consideration for the Acquisition payable by the Purchaser to the Vendor under the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nice Source”	Nice Source Properties Limited
“Nice Source Acquisition”	the acquisition of the entire share capital of Nice Source by the Target Company pursuant to the Provisional Agreement

“Nice Source Owners”	the shareholders of Nice Source, each of them is a third party independent of the Company and its connected persons
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules
“Promissory Note”	the promissory note in the principal amount of HK\$13,500,000 issued by the Company to the Vendor upon Completion in satisfaction of the Consideration
“Property”	property owned by Nice Source and located at Workshop C6 on G/F of Block C and Workshop C7 on 1/F of Block C, Hong Kong Industrial Centre, Nos. 489–491 Castle Peak Road, Kowloon
“Provisional Agreement”	the provisional sale and purchase agreement dated 9 August 2017 entered into between the Nice Source Owners and Target Company in relation to the sale and purchase of the entire issued share capital of Nice Source
“Purchaser”	Cheer Winner Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, which as at 21 September 2017, amounted to HK\$4,507,499
“Sale Share”	one (1) share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Earn Rich Properties Limited
“Vendor”	sole shareholder of the Target Company immediately before Completion, a third party independent of the Company and its connected persons
“sq. ft.”	square feet
“%”	percentage

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

Hong Kong, 21 September 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 Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan.