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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 June 2018, after trading hours, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 231,687,000 Placing Shares to not less than six Placées at a price of HK\$0.130 per Placing Share.

The maximum number of Placing Shares is 231,687,000, representing (i) approximately 20.00% of the existing issued share capital of the Company of 1,158,436,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 1,390,123,000 Shares as enlarged by the Placing, assuming no further change in the share capital of the Company prior to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be approximately HK\$2,316,870.

The maximum gross proceeds from the Placing will be HK\$30.1 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, amount to approximately HK\$29.6 million.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares. The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 12 June 2018, after trading hours, the Company and the Placing Agent entered into the Placing Agreement. Summarised below are the principal terms of the Placing Agreement.

THE PLACING AGREEMENT

Date

12 June 2018, after trading hours

Issuer

The Company

Placing Agent

Get Nice Securities Limited, the Placing Agent has conditionally agreed to place a maximum of 231,687,000 Placing Shares at the Placing Price of HK\$0.130, on a best effort basis, to not less than six Placees and will receive a placing commission of 1.5% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent. The Directors are of the view that the placing commission of 1.5% accords with market rate and is fair and reasonable.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placees

The Placing Shares will be placed on a best effort basis, to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. None of the Placees will become a substantial shareholder (as defined in the Listing Rules) immediately after the Completion.

Placing Shares

The maximum number of Placing Shares is 231,687,000, representing (i) approximately 20.00% of the existing issued share capital of the Company of 1,158,436,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 1,390,123,000 Shares as enlarged by the Placing assuming no further change in the share capital of the Company prior to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be approximately HK\$2,316,870.

Ranking of Placing Shares

The Placing Shares under the Placing will, upon issue, rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.130 represents (i) a discount of approximately 19.25% to the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on 12 June 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 19.45% to the average closing prices of HK\$0.1614 per Share for the last five consecutive trading days immediately preceding the date of the Placing Agreement. After deduction of relevant expenses of the Placing, the net placing price per Placing Share is approximately HK\$0.128.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM, (i.e. 231,687,200

Shares, representing approximately 20% of 1,158,436,000 Shares in issue as at the date of the AGM). The Placing is not subject to Shareholders' approval. The Placing will utilise approximately 100.00% of the General Mandate.

Up to the date of this announcement, no Shares have been issued under the General Mandate.

Conditions of the Placing

Completion is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such permission and listing not subsequently being withheld, revoked, and/or suspended prior to the delivery of definitive share certificate(s) representing the Placing Shares); and
- (ii) the transactions contemplated by the Placing Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgment or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority) in Hong Kong, Cayman Islands or other jurisdiction which is applicable to the Company or the Placing Agent.

The Company and the Placing Agent shall use their respective best endeavours to procure the fulfillment of the conditions and in particular, shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by each other and/or the Stock Exchange in connection with the fulfillment of the conditions.

If any of the conditions is not fulfilled on or prior to the Long Stop Date or such later date as may be agreed between the Company and the Placing Agent in writing and approved by the Stock Exchange, the Placing Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Placing Agreement.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination of the Placing

The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing to the Company at any time prior to the Completion Date upon the occurrence of any of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (A) there develops, occurs or comes into force:
- (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which is likely to result in a material change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iii) any material change in the trading conditions of local, national or international securities markets occurs; or
 - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction which is material in the context of the Group; or
 - (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
 - (vi) any litigation or claim being instigated against the Company or any member of the Group; or

- (B) any material breach of any of the warranties and undertakings by the Company set out in the Placing Agreement or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such warranties and undertaking untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (C) there is any adverse change in the financial position of the Company which is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company provided that such notice is received prior to the Long Stop Date.

Upon the giving of the above mentioned notice by the Placing Agent to the Company, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and outstanding liabilities under the terms of the Placing Agreement.

Completion of the Placing

Completion shall take place on the Completion Date.

As Completion is subject to the satisfaction of the conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of personal care products, money lending, operation of online platform, trading of commodities, securities investment, properties holding and investment holding.

The Group observed that there is an increasing number of property owners, who have proven income and repayment capability, undergoing a difficulty in getting financing from the banking system due to the tight restriction and stress test by Hong Kong Monetary Authority, and the Group is of the view that an expansion of its money lending business through participation of the provision of personal loans and mortgage loans could allow the Group to take the opportunity to enjoy the potential benefits brought by such financing contraction.

The maximum gross proceeds from the Placing will be HK\$30.1 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, amount to approximately HK\$29.6 million.

The Group will apply the net proceeds of approximately HK\$29.6 million for developing its money lending business.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after Completion of the Placing are tabulated below:

Substantial Shareholders	As at the date of this announcement		Immediately after Completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Golden Sparkle Limited (Note 1)	263,308,500	22.73	263,308,500	18.94
Dai Zhibiao	140,382,500	12.12	140,382,500	10.10
Elite Beauty International Trading (Hong Kong) Co., Limited (Note 2)	80,000,000	6.91	80,000,000	5.75
Director				
Mr. Huang Xinwen	400,000	0.03	400,000	0.03
Public Shareholders:				
Places	–	–	231,687,000	16.67
Others	674,345,000	58.21	674,345,000	48.51
	<u>1,158,436,000</u>	<u>100.00</u>	<u>1,390,123,000</u>	<u>100.00</u>

Notes:

- (1) These Shares are held by Golden Sparkle Limited, a controlled corporation of Mr. Lai Wai Lam Ricky. Accordingly, Mr. Lai Wai Lam Ricky was deemed to be interested in these Shares pursuant to Part XV of the SFO.

- (2) These Shares are held by Elite Beauty International Trading (Hong Kong) Co., Limited, a controlled coporation of Mr. Li Liang. Accordingly, Mr. Li Liang was deemed to be interested in these Shares pursuant to Part XV of the SFO.
- (3) It is expected none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be allotted and issued under the General Mandate.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares. The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	annual general meeting of the Company held on 15 June 2017
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	Board of Directors of the Company
“Business Days”	any day(s) (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	China Child Care Corporation Limited (stock code: 1259), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	a day as soon as possible following the satisfaction of all conditions of the Placing and in any event not later than five (5) Business Days after the satisfaction of the conditions of the Placing (or such other date as the Company and the Placing Agent may agree in writing) and on which Completion will take place
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	15 July 2018 or such later day as the Company and the Placing Agent may agree in writing
“Placee(s)”	any individuals, corporate, institutional investors or other professional investors who are not connected with any directors, chief executive or substantial shareholder(s) (if any) of the Company or its subsidiaries and their respective associates, procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	placing of up to 231,687,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	conditional placing agreement dated 12 June 2018 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.130 per Placing Share (excluding any transaction levy, Stock Exchange trading fee and other fees or levies as may be payable by the Placees)
“Placing Share(s)”	an aggregate of new Shares to be placed through the Placing Agent pursuant to the terms of the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)” holder(s) of the Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

By Order of the Board
China Child Care Corporation Limited
Tsai Wallen
Chairman and Chief Executive Officer

Hong Kong, 12 June 2018

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) one non-executive director, namely Mr. Li Zhouxin; and (iii) three independent non-executive directors, namely Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan.