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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)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 80% OF THE ENTIRE ISSUED SHARE CAPITAL OF REAL POWER INTERNATIONAL GROUP LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that on 1 March 2019 (after trading hours), the Vendor and the Company (as purchaser) entered into the Sale and Purchase Agreement in relation to the Acquisition, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares, representing 80% of the entire issued share capital of the Target Company as at the date of this announcement at the Consideration of HK\$42,000,000 (subject to adjustment). The Consideration shall be satisfied, as to (i) HK\$2,000,000 in cash upon the entering into of the Sale and Purchase Agreement as deposit; (ii) HK\$20,000,000 in cash upon Completion; and (iii) HK\$20,000,000 by the allotment and issue of the Consideration Shares by the Company to the Vendor upon Completion.

As at the date of this announcement, the Company is interested in 20% of the entire issued share capital of the Target Company as a result of the completion of the CB Conversion as announced by the Company on 4 December 2018 (after trading hours). Upon Completion, the Company will be interested in the entire issued share capital of the Target Company and the Target Group will become wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the completion of the CB Conversion was completed within a 12-month period prior to the date of the Sale and Purchase Agreement, the CB Conversion and the Acquisition are required to be aggregated pursuant to Rule 14.22 of the Listing Rules for the purposes of calculating the percentage ratios (as defined in Rule 14.07 of the Listing Rules).

As one or more of the percentage ratios in respect of the Acquisition (in aggregate with the CB Conversion) is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the purposes of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to issue and allot the Consideration Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the Acquisition; (ii) details of the Specific Mandate; (iii) financial information of the Group; (iv) financial information of the Target Group; (v) the unaudited pro forma financial information of the Enlarged Group; (vi) the valuation report of the Target Group; and (vii) the notice of the EGM is expected to be despatched to the Shareholders on or before 22 March 2019 after the publication of this announcement.

Shareholders and potential investors of the Company should note that the Acquisition is subject to a number of Conditions Precedent which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the securities of the Company and, if in any doubt, are recommended to consult their professional adviser(s).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date:

1 March 2019 (after trading hours)

Parties:

- (i) Vendor: Pine Victory Trading Limited
- (ii) Purchaser: the Company

As at the date of this announcement, the Company is interested in 20% of the entire issued share capital of the Target Company.

As at the date of this announcement, Mr. Chau, an executive Director and the chief executive officer of the Company, is interested in 4% of the entire issued share capital of Good Honor Investment Holdings Limited, which wholly owns the entire issued share capital of the Vendor. Mr. Chau is one of the directors of each of the Vendor and the Target Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save for Mr. Chau, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 80% of the entire issued share capital of the Target Company as at the date of this announcement.

Consideration

The Consideration for the Acquisition is HK\$42,000,000 which shall be satisfied by the Company in the following manner:

- (i) HK\$2,000,000 shall be settled by the Company in cash upon the entering into of the Sale and Purchase Agreement as deposit;

- (ii) HK\$20,000,000 shall be settled by the Company in cash on Completion ; and
- (iii) HK\$20,000,000 shall be settled by the Company issuing 200,000,000 Consideration Shares at the Issue Price of HK\$0.10 per Consideration Share to the Vendor (or its nominee(s)) upon Completion.

There shall be no adjustment to the Consideration unless the amount of the net asset value of the Target Group as at 31 December 2018 minus the adjusted net asset value of the Target Group as at the Completion Date (but immediately before Completion) in the completion accounts of the Target Group (the “NAV Adjustment”) is more than HK\$5,000,000, then the Consideration shall be reduced by the amount of the NAV Adjustment and the Vendor shall repay to the Company such amount within seven (7) Business Days after the production of the completion accounts.

The Consideration was determined after arm’s length negotiations between the Company and the Vendor after taking into consideration of (i) the unaudited net asset value of the Target Group as at 31 December 2018 of approximately HK\$62,702,000; (ii) the preliminary valuation of the Target Group of not less than HK\$62,000,000 as at 31 December 2018 prepared by an independent valuer, based on asset-based approach; and (iii) other factors as set out in the section headed “Reasons for and Benefits of the Acquisition” in this announcement.

Consideration Shares

The Consideration Shares represent (i) approximately 14.39% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the company from the date of this announcement and up to Completion).

The Issue Price of HK\$0.10 per Consideration Share represents:

- (a) the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (b) a premium of approximately 1.01% to the average closing price of HK\$0.099 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date.

The Issue Price was determined after arm's length negotiations between the Company and the Vendor with reference to the prevailing market price of the Shares and the current market conditions. The Directors (including the independent non-executive Directors but not including Mr. Chau who has abstained from voting at the meeting of the Board to approve the Acquisition) consider that the Issue Price is fair and reasonable and on normal commercial terms.

The Consideration Shares will be issued and allotted pursuant to a Specific Mandate to be sought by the Company at the EGM. The Consideration Shares, when issued upon Completion, will rank pari-passu in all respects with the existing Shares in issue. There will be no restriction on the subsequent sale of the Consideration Shares.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions Precedent

Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (a) the representations, warranties, undertakings and indemnities as stated in the Sale and Purchase Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion;
- (b) there having been no material adverse changes since the date of the Sale and Purchase Agreement;
- (c) the passing by the Shareholders, at the EGM to be convened and held in accordance with the requirements of the Listing Rules, of such resolutions to approve the Sale and Purchase Agreement, the issue of the Consideration Shares and the transactions contemplated thereunder;
- (d) the granting of the approval by the Stock Exchange in respect of the transactions contemplated under the Sale and Purchase Agreement and the issue of the Consideration Shares and the Stock Exchange not having withdrawn or revoked such approval; and
- (e) the Company having duly performed and observed all terms, conditions, provisions, stipulations, requirements, agreements, covenants and undertakings contained in the Sale and Purchase Agreement and on its part to be performed and observed.

The Company may, in its absolute discretion, waive either in whole or in part at any time any of the Conditions Precedent (save and except conditions (c), (d) and (e) above). The Vendor may, in its absolute discretion, waive either in whole or in part at any time the condition (e) above.

In the event that any of the conditions (a) and (b) above shall not have been fulfilled (or waived) on or before the Long Stop Date, the Company shall be entitled to rescind the Sale and Purchase Agreement whereupon the same shall be terminated and the Company shall not be bound to proceed with the purchase of the Sale Shares subject to the liability of any party to the other in respect of the antecedent breaches of the terms pursuant to the Sale and Purchase Agreement.

In the event that any of the conditions (c), (d) and (e) above shall not have been fulfilled to the satisfaction of the Vendor (or (insofar as condition (e) above is concerned) waived) on or before the Long Stop Date, the Vendor shall be entitled to rescind the Sale and Purchase Agreement whereupon the same shall be terminated and the Vendor shall not be bound to proceed with the sale of the Sale Shares subject to the liability of any party to the other in respect of the antecedent breaches of the terms pursuant to the Sale and Purchase Agreement.

Completion

Completion shall take place during business hours on the Completion Date after the fulfillment or waiver (as the case may be) of all the Conditions Precedent as stated above.

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

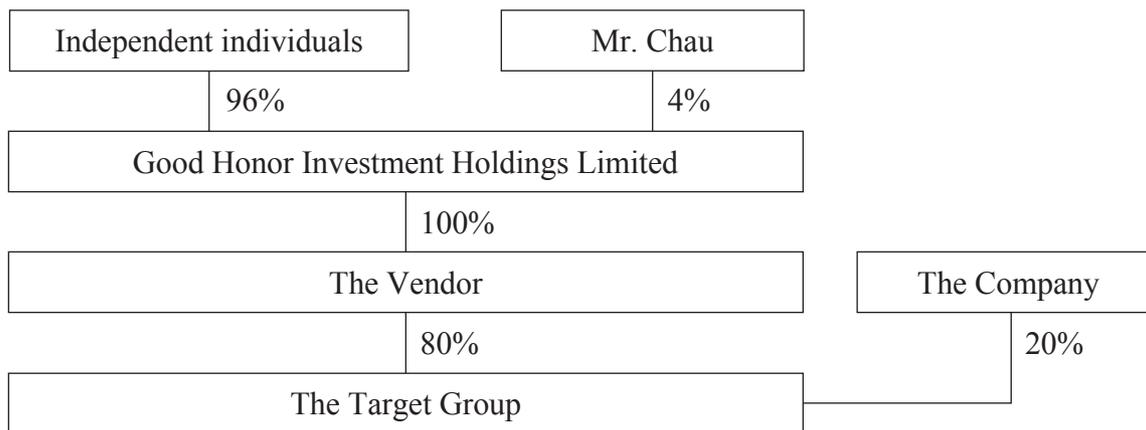
INFORMATION ON THE TARGET GROUP

The Target Company was incorporated in the BVI with limited liability on 1 November 2018 as a special purpose vehicle merely for the purpose of acquiring Advance Global and is an investment holding company. As at the date of this announcement, the Target Company is interested in the entire issued share capital of Advance Global and its wholly-owned PRC subsidiary, Guangzhou Dasheng Agriculture & Food Limited* (廣州大生農業食品有限公司), a company incorporated in the PRC with limited liability which has no substantial operation since its incorporation. Advance Global is a company incorporated in Hong Kong with limited liability on 9 June 2017 and is primarily engaged in the trading of agriculture products in Hong Kong, i.e. frozen meats. The major products are frozen beef, pork and chicken related products.

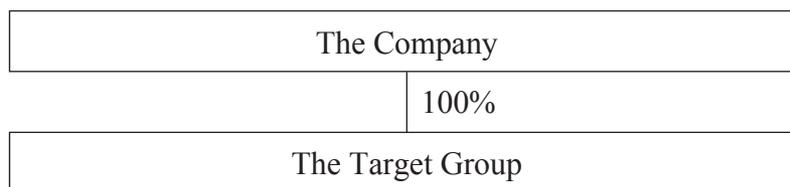
As at the date of this announcement, the Target Company was held as to (i) 80% by the Vendor; and (ii) 20% by the Company. The Vendor is a company incorporated in Hong Kong with limited liability and is primarily engaged in operation of food factories. As at the date of this announcement, the Vendor is wholly-owned by Good Honor Investment Holdings Limited.

Good Honor Investment Holdings Limited is a company incorporated in the BVI with limited liability and is primarily engaged in the food and beverage business including restaurants and central kitchen production. As at the date of this announcement, Good Honor Investment Holdings Limited was held as to (i) 96% by two individuals; and (ii) 4% by Mr. Chau who is an executive Director and the chief executive officer of the Company. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save for Mr. Chau, each of the other beneficial owners of Good Honor Investment Holdings Limited are Independent Third Parties.

Below is the shareholding structure of the Target Group as at the date of this announcement and immediately before Completion



Below is the shareholding structure of the Target Group upon Completion



Financial information of the Target Group

The Target Company is a special purpose vehicle established on 1 November 2018 merely for the purpose of acquiring Advance Global, which was completed on 21 November 2018. Set out below is the unaudited financial information of the Target Group for the period from 1 November 2018 to 31 December 2018 prepared based on the Hong Kong Financial Reporting Standards:

	For the period from 1 November 2018 (the date of incorporation) to 31 December 2018 (unaudited) <i>HK\$ approximately</i>
Revenue	28,386,000
Profit before taxation	1,211,000
Profit after taxation	1,211,000
	As at 31 December 2018
Net assets	62,702,000

Financial information of Advance Global

Set out below is the unaudited financial information of Advance Global for the period from 9 June 2017 (being the date of incorporation) to 31 December 2017, and the financial year ended 31 December 2018 prepared based on the Hong Kong Financial Reporting Standards:

	From 9 June 2017 (date of incorporation) to 31 December 2017 (unaudited) <i>HK\$ approximately</i>	For the year ended 31 December 2018 (unaudited) <i>HK\$ approximately</i>
Revenue	154,833,000	435,163,000
Loss before taxation	188,000	14,052,000
Loss after taxation	188,000	14,052,000
		As at 31 December 2018
Net assets		5,759,000

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

As disclosed in the announcement of the Company dated 4 December 2018, in relation to the CB Conversion, it has been the Company's business strategy to expand the Group's existing operations and income base to maximise the interests of the Group and the Shareholders as a whole. The Group has been reviewing its operations and actively exploring other investment opportunities. The Board understands that there has always been a high demand in Hong Kong's food and beverage service industry and given the fact that as compared to fresh meats, frozen meats can be transported conveniently and better preserved, which better meets the business needs of the catering industry in Hong Kong. After further consideration on the growth opportunities in food and beverage service industry, the Directors are of the view that the Group could further benefit from acquisition of the Sale Shares to consolidate the influence of the Company on the Target Company which allows the Group to further participate in the trading of frozen meats market in Hong Kong. The terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations between the Company and the Vendor. The Board (including the independent non-executive Directors but not including Mr. Chau who has abstained from voting at the meeting of the Board to approve the Acquisition) considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

EFFECT OF THE ISSUE OF THE CONSIDERATION SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares:

	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Golden Sparkle Limited (<i>note 1</i>)	263,308,500	18.94	263,308,500	16.56
Da Zhibiao	140,382,500	10.10	140,382,500	8.83
Elite Beauty International Trading (Hong Kong) Co., Limited (<i>note 2</i>)	80,000,000	5.75	80,000,000	5.03
The Vendor	–	–	200,000,000	12.58
Public Shareholders	<u>906,432,000</u>	<u>65.21</u>	<u>906,432,000</u>	<u>57.00</u>
Total	<u>1,390,123,000</u>	<u>100.00</u>	<u>1,590,123,000</u>	<u>100.00</u>

Notes:

1. These Shares are held by Golden Sparkle Limited, a controlled corporation of Mr. Lai Wai Lam, Ricky and is therefore deemed to be interested by Mr. Lai Wai Lam, Ricky under the SFO.
2. These Shares are held by Elite Beauty International Trading (Hong Kong) Co., Limited, a controlled corporation of Mr. Li Liang and is therefore deemed to be interested by Mr. Li Liang under the SFO.

LISTING RULES IMPLICATIONS

As the completion of the CB Conversion was completed within a 12-month period prior to the date of the Sale and Purchase Agreement, the CB Conversion and the Acquisition are required to be aggregated pursuant to Rule 14.22 of the Listing Rules for the purposes of calculating the percentage ratios (as defined in Rule 14.07 of the Listing Rules).

As one or more of the percentage ratios in respect of the Acquisition (in aggregate with the CB Conversion) is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

Mr. Chau is considered to have material interests in the Acquisition by virtue of his directorship in the Company and interests in the Target Company. Therefore, he has abstained from voting at the meeting of the Board to approve the Acquisition. Save as disclosed above, no other Director has abstained from voting at the said meeting.

The EGM will be convened and held for the purposes of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to issue and allot the Consideration Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) approving the entering of the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the Acquisition; (ii) details of the Specific Mandate; (iii) financial information of the Group; (iv) financial information of the Target Group; (v) the unaudited pro forma financial information of the Enlarged Group; (vi) the valuation report of the Target Group; and (vii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 22 March 2019 after the publication of this announcement.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Shares by the Company subject to and upon the terms and condition pursuant to the Sale and Purchase Agreement
“Advance Global”	Advance Global Food Limited (formerly known as Hong Kong Dasheng Agriculture & Food Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday, Sunday and public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the PRC

“BVI”	British Virgin Islands
“CB Conversion”	the exercise of the conversion rights attached to the convertible bond in the principal amount of HK\$8,000,000 issued by the Target Company to the Company on 15 November 2018 into 25 conversion shares, which represent 20% of the entire issued share capital of the Target Company
“Company”	China Child Care Corporation Limited (stock code: 1259), a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	thirty (30) Business Days after all the Conditions Precedent (other than such conditions which is/are only capable of being fulfilled upon Completion) are fulfilled or waived in accordance to the Sale and Purchase Agreement (or such other date mutually agreed in writing by the Vendor and the Company)
“Conditions Precedent”	the conditions precedent of the Sale and Purchase Agreement as set out under the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$42,000,000 for the Acquisition pursuant to the Sale and Purchase Agreement
“Consideration Shares”	200,000,000 new Shares to be issued and allotted, credited as fully paid, to the Vendor under the Specific Mandate at the Issue Price
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate to issue and allot the Consideration Shares
“Enlarged Group”	the Group and the Target Group upon Completion
“Group”	collectively, 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)”	a third party(ies) independent of and not connected with the Company and its connected persons
“Issue Price”	the issue price of HK\$0.10 per Consideration Share
“Last Trading Date”	1 March 2019, being the last trading date of the Shares before the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being 1 March 2020, or such later date as may be agreed by parties to the Sale and Purchase Agreement
“Mr. Chau”	Mr. Chau Ling, an executive Director and chief executive officer of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 March 2019 for the Acquisition

“Sale Shares”	100 ordinary shares of the Target Company held by the Vendor, being 80% of the entire issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	a specific mandate to issue, allot or otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM to satisfy the issue and allotment of the Consideration Shares upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Real Power International Group Limited, a company incorporated in the BVI with limited liability
“Target Group”	collectively, the Target Company and its subsidiaries
“Vendor”	Pine Victory Trading Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

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

* *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

Hong Kong, 1 March 2019

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Tsai Wallen and Mr. Chau; (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.