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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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

Underwriter to the Rights Issue



Financial adviser to the Company

VEDA | CAPITAL
智略資本

PROPOSED RIGHTS ISSUE

On 29 September 2017 (after trading hours of the Stock Exchange), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which, the Underwriter has conditionally agreed to underwrite not less than 895,127,500 Rights Shares and not more than 945,175,500 Rights Shares subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “Underwriting Agreement” in this announcement.

The Board proposes to raise gross proceeds of not less than approximately HK\$405,452,600 (before expenses) (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than approximately HK\$422,969,400 (before expenses) (assuming no further issue or repurchase of Shares other than as a result of the issue of Shares upon exercise of the Non-Undertaken Share Options in full on or before the Record Date) on the basis of one (1) Rights Share for every one (1) Share held on the Record Date by issuing not less than 1,158,436,000 (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 1,208,484,000 Rights Shares (assuming no further issue or repurchase of Shares other than as a result of the issue of Shares upon exercise of the Non-Undertaken Share Options in full on or before the Record Date) at the Subscription Price of HK\$0.35 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be not less than approximately HK\$398,752,600 and not more than approximately HK\$416,269,400. Details of the intended use of proceeds of the Rights Issue are set out in the section headed “Reasons for the Rights Issue and use of proceeds” in this announcement.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of this announcement, the Company has no controlling Shareholder. The Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.19(6)(a) of the Listing Rules.

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue (including the Underwriting Agreement and the transactions contemplated thereunder). A Circular containing, among other things, further details of the Rights Issue and the Underwriting Agreement; a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and a notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 25 October 2017.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including the information on acceptances of the Rights Shares and other information in respect of the Group, and the PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before Monday, 27 November 2017. The Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement”). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of not less than approximately HK\$405,452,600 (before expenses) (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than approximately HK\$422,969,400 (before expenses) (assuming no further issue or repurchase of Shares other than as a result of the issue of Shares upon exercise of the Non-Undertaken Share Options in full on or before the Record Date) on the basis of one (1) Rights Share for every one (1) Share held on the Record Date by issuing not less than 1,158,436,000 (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 1,208,484,000 Rights Shares (assuming no further issue or repurchase of Shares other than as a result of the issue of Shares upon exercise of the Non-Undertaken Share Options in full on or before the Record Date) at the Subscription Price of HK\$0.35 per Rights Share.

Issue statistics

- Basis of the Rights Issue : one (1) Rights Share for every one (1) Share held on the Record Date
- Subscription Price : HK\$0.35 per Rights Share
- Number of Shares in issue as at the date of this announcement : 1,158,436,000 Shares
- Number of Rights Shares : Not less than 1,158,436,000 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date) and not more than 1,208,484,000 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the issue of new Shares upon the exercise in full of the subscription rights attached to the Non-Undertaken Share Options on or before the Record Date)
- Number of Underwritten Shares : Not less than 895,127,500 Rights Shares and not more than 945,175,500 Rights Shares, representing all the Rights Shares less the number of Rights Shares undertaken by Golden Sparkle under the Golden Sparkle Irrevocable Undertaking

Number of issued Shares upon completion of the Rights Issue	:	Not less than 2,316,872,000 Shares and not more than 2,416,968,000 Shares
Amount to be raised before expenses	:	Not less than HK\$405,452,600 and not more than HK\$422,969,400
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company has 95,274,500 outstanding Share Options, which entitle the holders to convert into 95,274,500 Option Shares. Save for the aforesaid Share Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Holders of the 45,226,500 Share Options have irrevocably undertaken to the Company and the Underwriter that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date.

Assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date, the 1,158,436,000 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent (i) 100% of the existing issued share capital of the Company; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Assuming the Non-Undertaken Share Options are exercised in full and 50,048,000 Option Shares are allotted and issued pursuant thereto on or before the Record Date, the 1,208,484,000 Rights Shares proposed to be allotted and issued represent (i) approximately 104.32% of the existing issued share capital of the Company; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Golden Sparkle Irrevocable Undertaking

Pursuant to the Golden Sparkle Irrevocable Undertaking, Golden Sparkle (which is interested in 263,308,500 Shares representing approximately 22.73% of the total issued share capital of the Company as at the date of this announcement) has irrevocably undertaken to the Company and the Underwriter that it will subscribe for 263,308,500 Rights Shares which it is entitled under the Rights Issue.

As at the date of this announcement, save for the Golden Sparkle Irrevocable Undertaking, the Company has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

Subscription Price

The Subscription Price is HK\$0.35 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and/or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 23.08% to the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 13.15% to the theoretical ex-rights price of approximately HK\$0.403 per Share based on the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 24.24% to the average closing price of approximately HK\$0.462 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. Taking into account of the reasons for the Rights Issue and the use of proceeds as details in the section headed "Reasons for the Rights Issue and use of proceeds" in this announcement, the Directors (excluding the independent non-executive Directors who will form their views after reviewing and considering the advice from the Independent Financial Adviser) consider the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.344.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

Closure of register of members

The register of members of the Company will be closed from Monday, 20 November 2017 to Friday, 24 November 2017 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

In order to be registered as members of the Company at the close of business on the Record Date, all transfer documents (together with the relevant share certificates) must be lodged with the Registrar, Computershare Hong Kong Investor Services Ltd at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 November 2017 (Hong Kong time).

Overseas Shareholders and Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the

legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no PAL and EAF will be sent to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, of more than HK\$100 shall be distributed pro rata to the Non-Qualifying Shareholders provided that individual amounts of HK\$100 or less and the proceeds generated on such sale of the Rights Shares shall be retained by the Company for its own benefit.

The Rights Shares that (i) provisionally allotted but not accepted and (ii) representing entitlements of the Non-Qualifying Shareholders to the Rights Shares not sold pursuant to the arrangement above, will be offered to the Qualifying Shareholders for excess applications by means of EAFs.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfillment of the conditions set out in the section headed “Conditions of the Underwriting Agreement” in this announcement, share certificates for all fully-paid Rights Shares are expected to be posted on or before Tuesday, 19 December 2017 to those entitled thereto by ordinary post at their own risk. If the Rights Issue is terminated, refund cheques will be despatched on or before Tuesday, 19 December 2017 by ordinary post at their own risk. Each Shareholder will receive one share certificate for all allotted fully paid Rights Shares.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on or before Tuesday, 19 December 2017 by ordinary post to the applicants at their own risk.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares can only be made by Qualifying Shareholders and only by completing the EAFs (in accordance with the instructions printed thereon) for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for by no later than the Latest Time for Acceptance. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) subject to availability of excess Rights Shares for all such applications, preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top-up odd lots holdings to whole lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for by them with flexibility to round up to whole board lots at the discretion of the Directors (i.e. the Qualifying Shareholders applying for a smaller number of the Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for; whereas the Qualifying Shareholders applying for a larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares than those applying for a smaller number).

In the event that the Company discovered that certain excess applications may have been made with the intention to abuse the mechanism under principle (1) above, the Board reserves the rights and absolute discretion to reject any excess applications which appears to them to be made with intention to abuse the top up odd lots mechanism while other applications are not affected and will be allocated according to the above principles (1) and (2).

Investors with their Shares held by a nominee company (including HKSCC) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) whose name appears on the register of members of the Company as a single Shareholder under the aforesaid arrangement in relation to the top-up of odd-lots for allocation of excess Right Shares. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to individual beneficial owners who hold Shares through a registered nominee. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own name prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Investors whose Shares are held by their nominee(s) (including HKSCC) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Friday, 17 November 2017 (Hong Kong time).

Fractions of the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares on the Stock Exchange, the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Those Qualifying Shareholders who do not take up the Rights Shares which they are entitled to should note that their shareholdings in the Company will be diluted.

Possible adjustments to the Share Options

As a result of the Rights Issue, the exercise price and the number of Share Options will be adjusted in accordance with the respective terms and conditions of the Share Options Scheme and the Listing Rules. The Company will instruct its auditors or independent financial adviser to certify the adjustment. Further announcements will be made in respect with the said adjustment as and when appropriate.

UNDERWRITING AGREEMENT

Date	:	29 September 2017 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Underwriter	:	The Underwriter
Number of Underwritten Shares	:	not less than 895,127,500 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) and not more than 945,175,000 Rights Shares (assuming no further issue or repurchase of Shares other than the issue of new Shares upon the exercise in full of the subscription rights attached to the Non-Undertaken Share Options on or before the Record Date)
Commission	:	1.50% of the total Subscription Price of the maximum number of the Underwritten Shares

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and its respective ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Underwriter is not interested in any Shares.

In the course of considering the Rights Issue, the Company has approached 2 securities houses as prospective underwriters. The Board considers that the Underwriter has offered the Company the most competitive terms, including the underwriting commission and the capacity of having the Rights Issue fully underwritten. The Board further considers that the terms of the Underwriting Agreement are consistent with market practice.

The Company will pay the Underwriter an underwriting commission of 1.50% of the total Subscription Price of the maximum number of the Underwritten Shares. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Rights Issue and the current and expected market conditions. The Directors are of the view that the terms of the Underwriting Agreement, including the commission, are fair and reasonable so far as the Company and the Shareholders are concerned.

Pursuant to the Underwriting Agreement, the Underwriter shall use its best endeavours to ensure that each of the subscribers or sub-underwriter(s) of the Untaken Shares procured by it (i) shall be an Independent Third Party of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive of the Company or substantial Shareholders or their respective associates; (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.00% or more of the voting rights of the Company upon completion of the Rights Issue; and (iii) to procure that the minimum public float requirement under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional on, among others:

- (i) the passing of the necessary resolution(s) by the Board to approve the Underwriting Agreement (including the Rights Issue and the transactions contemplated hereunder);
- (ii) the passing of the necessary resolution(s) at the EGM to approve the Underwriting Agreement and the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Independent Shareholders;
- (iii) the delivery to the Stock Exchange for authorisation and the registration by and filing with the Registrar of one copy of each of the Prospectus Documents and otherwise in accordance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (v) the compliance with and performance by the Company of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (vi) the compliance with and performance of all undertakings and obligations of Golden Sparkle under the Golden Sparkle Irrevocable Undertaking;
- (vii) the compliance with and performance of all undertakings and obligations of Undertaken Options Holders not to exercise any of the Undertaken Share Options held by each of them before the Record Date;
- (viii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) and such listings and permission to deal not having been withdrawn or revoked by no later than the first day of their dealings on the Stock Exchange;
- (ix) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days; and
- (x) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms hereof.

As at the date of this announcement, save for condition (i) above, none of the conditions has been satisfied.

Save that (v) and (ix) which could be waived by the Underwriter, all other conditions set out above are not capable of being waived. In the event that the conditions (i), (ii), (iii) and (iv) have not been satisfied on or before the Prospectus Posting Date or in the event that the conditions (v), (vi), (vii), (viii), (ix) and (x) have not been satisfied and/or waived in whole or in part by the Underwriter (as the case may be) on or before 4.00 p.m. on the Settlement Date or such other time as specified therein (or, in each case, such later date as the Underwriter and the Company may agree in writing), the Underwriting Agreement shall terminate (save and except certain provisions, including announcements, fees and expenses, notice and governing law which shall remain in full force and effect) and all liabilities of the parties hereto shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by a notice in writing to the Company, served prior to 4:00 p.m. on the Settlement Date, to terminate the Underwriting Agreement if:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules, the Takeovers Code or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement, if prior to 4:00 p.m. on the Settlement Date, any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to 4:00 p.m. on the Settlement Date.

If prior to 4:00 p.m. on the Settlement Date, any such notice as referred to above is given by any of the Underwriter, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed.

SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, set out below is the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue:

(a) Assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date

	As at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all Qualifying Shareholders have taken up all the Rights Shares		Assuming no Qualifying Shareholders (except Golden Sparkle) has taken up the Rights Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholders						
Golden Sparkle (Note 1)	263,308,500	22.73	526,617,000	22.73	526,617,000	22.73
Jinlin Investment Company Limited (Note 2)	140,383,500	12.12	280,767,000	12.12	140,383,500	6.06
Directors to be confirmed						
Mr. Huang Xinwen	400,000	0.03	800,000	0.03	400,000	0.01
Mr. Ren Yunan	100,000	0.01	200,000	0.01	100,000	0.01
Sub-total	404,192,000	34.89	808,384,000	34.89	667,500,500	28.81
Public Shareholders						
The Underwriter (Note 3)	-	-	-	-	895,127,500	38.64
Other public Shareholders	754,244,000	65.11	1,508,488,000	65.11	754,244,000	32.55
Total	1,158,436,000	100.00	2,316,872,000	100.00	2,316,872,000	100.00

(b) Assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the issue of new Shares upon exercise in full of the subscription rights attached to the Non-Undertaken Share Options on or before the Record Date

	Immediately after completion of the Rights Issue					
	As at the date of this announcement		Assuming all Qualifying		Assuming no Qualifying	
			Shareholders have taken up		Shareholders (except	
	Number of	Approximate	Number of	Approximate	Number of	Approximate
	Shares	%	Shares	%	Shares	%
Substantial Shareholders						
Golden Sparkle (Note 1)	263,308,500	21.79	526,617,000	21.79	526,617,000	21.79
Jinlin Investment Company Limited (Note 2)	140,383,500	11.62	280,767,000	11.62	140,383,500	5.81
Directors to be confirmed						
Mr. Huang Xinwen	400,000	0.03	800,000	0.03	400,000	0.01
Mr. Ren Yunan	100,000	0.01	200,000	0.01	100,000	0.01
Sub-total	404,192,000	33.45	808,384,000	33.45	667,500,500	27.62
Public Shareholders						
The Underwriter (Note 3)	-	-	-	-	945,175,500	39.11
Other public Shareholders	754,244,000	62.41	1,508,488,000	62.41	754,244,000	31.20
Holders of the Non-Undertaken						
Share Options	50,048,000	4.14	100,096,000	4.14	50,048,000	2.07
Total	1,208,484,000	100.00	2,416,968,000	100.00	2,416,968,000	100.00

Notes:

- (1) These Shares were held by Golden Sparkle, 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 were held by Jinlin Investment Company Limited, a controlled corporation of Mr. Xie Jinling. Accordingly, Mr. Xie Jinling was deemed to be interested in these Shares pursuant to Part XV of the SFO.

- (3) Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Underwritten Shares:
- (a) the Underwriter shall use its best endeavours to ensure that each of the subscribers or sub-underwriter(s) of the Underwritten Shares procured by it (1) shall be Independent Third Party of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial Shareholders or their respective associates; (2) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue; and (3) to procure that the minimum public float requirement under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past twelve (12) months immediately preceding the date of this announcement.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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.

The gross proceeds from the Rights Issue (assuming no further issue or repurchase of Shares on or before the Record Date) will be approximately HK\$405,452,600. The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be approximately HK\$398,752,600. The net price per Rights Share (assuming no further issue or repurchase of Shares on or before the Record Date) is approximately HK\$0.344.

The Group intends to apply the net proceeds from the Rights Issue of approximately HK\$398,752,600 (assuming no further issue or repurchase of Shares on or before the Record Date) as follow:

Use of proceeds	Amount <i>(HK\$)</i>	%
Expansion of the Group's money lending business	200,000,000	50.16
The capital commitment for the acquisition of the target company as announced by the Company on 21 September 2017	80,000,000	20.06
For potential acquisitions identified by the Group (more details as set below)	80,000,000	20.06
General working capital of the Company	<u>38,752,600</u>	<u>9.72</u>
 Total net proceeds	 <u>398,752,600</u>	 <u>100.00</u>

The Group has been proactively looking for potential acquisition opportunities to strengthen and/or diversify its income stream in order to maximise the return of the Shareholders. It is expected that up to HK\$80,000,000 out of the net proceeds from the Rights Issue will be applied as fund for financing the potential acquisitions to provide the Company with the flexibility and ability to capture any appropriate business opportunities in a timely manner. As at the date of this announcement, the Company has identified and in the course of reviewing various potential projects, including, but not limited to, the followings:

- (1) a company that has established in Japan over 20 years which is principally engaged in the design and distribution of children's socks and shoes. The consideration for such potential acquisition shall be approximately US\$6 million. If such acquisition is materialised, the funding shall be contributed by the 4th quarter of 2017;
- (2) a Hong Kong property agency apps which provides functions of searching first and second hand properties, provision of updated news and information with respect to the properties market, provision of aerial photography and 360 degree panorama photography of properties, provision of group communicating platform etc.. The consideration of such acquisition is approximately US\$5 million. If such acquisition is being materialised, the funding shall be contributed by the 4th quarter of 2017;
- (3) a well-established Hong Kong wine distributor which currently possesseds clients around the globe and seek for additional fund for the purposes of the purchase of vineyard in Gladstone and maximization of its current production capacity and improvement of distribution channel. The Group expects that the capital commitment for such investment, if materialised, shall be between the ranges of US\$5 million to US\$10 million and shall be contributed by the 4th quarter of 2017; and

- (4) a series of restaurants in relation to food & beverages which currently have strong presence in different commercial areas in Hong Kong. The Group expects that the capital commitment for such investment, if materialised, shall be approximately US\$3 million and shall be contributed by the 4th quarter of 2017.

However, no definitive agreements in relation to the aforesaid acquisitions have been entered into by the Company as at the date of this announcement.

The Directors believe that the proposed Rights Issue can strengthen the Group's equity base and liquidity without incurring interest costs, thereby bolstering its ability to capitalise on greater business opportunities. The Directors also consider that the proposed Rights Issue offers all the Shareholders equal opportunity to subscribe for their pro-rata provisional allotment of the Rights Shares and participate in the future growth of the Company.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings, if available, carry interest costs and creditors rank before shareholders, and placings dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the proposed Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The proposed Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

Having considered the alternatives mentioned above, the Directors (excluding the independent non-executive Directors whose view will be formed after considering the opinion of the independent financial adviser regarding the Rights Issue) consider that the Underwriting Agreement is entered into upon normal commercial terms and that the terms of the proposed Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Directors are aware of the potential dilution effects. Nonetheless, the Directors consider that the foregoing should be balanced against by the factors such as (i) Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue and the Underwriting Agreement through their votes at the EGM; (ii) Qualifying Shareholders are offered a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining or to increasing (by way of excess applications) their respective shareholdings in the Company at a relatively low price as compared to the market price of the Shares; (iii) those Qualifying Shareholders who choose to accept the Rights Shares in full can maintain their respective shareholdings in the Company after the Rights Issue; (iv) offering the Subscription Price at a discount to the market price would encourage Qualifying Shareholders to participate in the Rights Issue and accordingly maintain or to increase (by way of excess applications) their shareholdings in the Company and this is not an uncommon practice in similar rights issue arrangements on the Stock Exchange; (v) Qualifying Shareholders have the opportunity to realise their nil-paid Rights Shares in the market; (vi) Shareholding dilution is inherent in rights issues in general and the entire potential dilution effect on the shareholding of the Shareholders will only occur if all the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, which will be an extreme situation; and (vii) the Rights Issue allows the Company to maintain a sufficient level of liquid assets for working capital and/or any investment opportunities indeed arise in the future.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and it has been prepared on the assumption that all the conditions of the proposed Rights Issue will be fulfilled.

The expected timetable for the proposed Rights Issue is set out below:

2017

Date of announcement Friday, 29 September

Expected date of despatch of Circular
and the notice of EGM Wednesday, 25 October

Latest time for lodging transfer of Shares in order to
be qualified for attendance and voting at the EGM 4:30 p.m. on Tuesday,
7 November

Register of members of the Company
closes (both dates inclusive) Wednesday, 8 November to
Tuesday, 14 November

Latest time for lodging proxy forms for the EGM
(not less than 48 hours prior to the time of the EGM) 9:00 a.m. on Sunday,
12 November

Expected date and time of the EGM 9:00 a.m. on Tuesday,
14 November

Announcement of results of the EGM Tuesday, 14 November

Last day of dealings in the Shares on
a cum-entitlement basis Wednesday, 15 November

First day of dealings in the Shares on
an ex-entitlement basis Thursday, 16 November

Latest time for lodging transfer of Shares in
order to be qualified for the Rights Issue 4:30 p.m. on Friday,
17 November

Register of members of the Company
closes (both days inclusive) Monday, 20 November
to Friday, 24 November

Record Date for the Rights Issue Friday, 24 November

Despatch of the Prospectus Documents Monday, 27 November

First day of dealings in nil-paid Rights Shares 9:00 a.m. on Wednesday,
29 November

Latest time for splitting of nil-paid Rights Shares 4:30 p.m. on Friday,
1 December

Last day of dealings in nil-paid Rights Shares 4:00 p.m. on Wednesday,
6 December

Latest Time for Acceptance of and payment for the
Rights Shares and application and payment
for excess Rights Shares 4:00 p.m. on Monday,
11 December

Latest time for termination of the Underwriting Agreement and for the Rights Issue to become unconditional 4:00 p.m. on Friday, 15 December

Announcement of results of acceptance of the Rights Shares Monday, 18 December

Despatch of certificates for fully-paid Rights Shares and refund cheques (if any) on or before Tuesday, 19 December

Dealings in fully-paid Rights Shares commence 9:00 a.m. on Wednesday, 20 December

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of this announcement, the Company has no controlling Shareholder. The Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.19(6)(a) of the Listing Rules.

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue (including the Underwriting Agreement and the transactions contemplated thereunder). A Circular containing, among other things, further details of the Rights Issue and the Underwriting Agreement; a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and a notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 25 October 2017.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and the PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before Monday, 27 November 2017. The Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares and the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Acceptance Time”	4:00 p.m. on Monday, 11 December 2017 (or such other time or date as the Underwriter may agree in writing with the Company as the Latest Time for Acceptance of, and payment for, the Rights Shares)
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday or a day on which typhoon signal no.8 or above or black rainstorm is hoisted in Hong Kong at 9:00 am) on which banks are generally open for business in Hong Kong
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched by the Company on or before 25 October 2017 containing, among other things, further details regarding the Rights Issue and containing the notice of the EGM

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“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 main board of the Stock Exchange (stock code:1259)
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the same meaning as ascribed there to under the Listing Rules
“Directors”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders, pursuant to which the Qualifying Shareholders may apply for the Rights Shares in excess of such Shareholders’ assured entitlement under the Rights Issue in the agreed form
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Rights Issue (including the Underwriting Agreement and the transactions contemplated thereunder)
“Golden Sparkle”	Golden Sparkle Limited, being the legal and beneficial owner of 263,308,500 Shares, as at the date of this announcement
“Golden Sparkle Irrevocable Undertaking”	the irrevocable undertaking given by Golden Sparkle in favour of the Company and the Underwriter to subscribe for 263,308,500 Rights Shares which it is entitled to under the Rights Issue.
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors to be established for the purpose of giving recommendations to the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company for the purpose of giving recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholder(s)”	any Shareholder(s) other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Day”	29 September 2017, being the date of the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 11 December 2017 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Non-Undertaken Share Options”	up to 50,048,000 Share Options carrying rights to subscribe for up to 50,048,000 Option Shares
“Option Shares”	up to 95,274,500 Shares which may be allotted and issued by the Company upon exercise of the 95,274,500 outstanding Share Options

“Overseas Shareholders”	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Prospectus”	the Rights Issue prospectus in the agreed form expected to be dated the Prospectus Posting Date
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Monday, 27 November 2017 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) is/are registered on the register of the members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Friday, 24 November 2017, or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Ltd, the Company share registrar and transfer office in Hong Kong, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every one (1) Share in issue and held on the Record Date at the Subscription Price per Rights Share on the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“Rights Share(s)”	not less than 1,158,436,000 Shares and not more than 1,208,484,000 Shares to be issued and allotted under the Rights Issue
“Settlement Date”	15 December 2017, being the fourth Business Day following the Acceptance Time (or such other date as the Underwriter and the Company may agree in writing)

“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 the Share(s)
“Share Option(s)”	the share option(s) granted by the Company under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 22 June 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price of HK\$0.35 per Rights Share
“substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on the Takeovers and Mergers
“Undertaken Options Holders”	the holder(s) of the Share Options who have irrevocably undertaken to the Company and the Underwriter that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date
“Undertaken Share Options”	being 45,226,500 Share Options
“Underwriter”	Head & Shoulders Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 29 September 2017 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	all the Rights Shares, being not less than 895,127,500 Rights Shares and not more than 945,175,500 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“Untaken Shares” the Underwritten Shares which have not been taken up by the Qualifying Shareholders

“%” per cent.

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

Hong Kong, 29 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.