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China Child Care Corporation Limited
中國兒童護理有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1259)

DISCLOSEABLE TRANSACTION
ACQUISITION OF CONVERTIBLE NOTES

THE ACQUISITION

The Board announces that on 6 February 2017, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Company has agreed to acquire the Convertible Notes at a consideration equivalent to the principal amount of HK\$58.5 million, which entitles the holder(s) thereof to convert into 90,000,000 Conversion Shares at the initial Conversion Price (subject to adjustment) of HK\$0.65 per Conversion Share upon full exercise of the conversion rights attached to the Convertible Notes.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios is greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements under the Listing Rules.

BACKGROUND

The Board announces that, on 6 February 2017 (after trading hours), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Company has agreed to acquire the Convertible Notes at a consideration equivalent to the principal amount of HK\$58.5 million, which entitles the holder(s) thereof to convert into 90,000,000 Conversion Shares at the initial Conversion Price (subject to adjustment) of HK\$0.65 per Conversion Share upon full exercise of the conversion rights attached to the Convertible Notes.

THE SALE AND PURCHASE AGREEMENT

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

Date : 6 February 2017

Parties : (i) the Company, as purchaser
(ii) Ever Smart Capital Limited, as Vendor

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is an Independent Third Party.

Assets to be acquired : The Convertible Notes in the principal amount of HK\$58.5 million, which entitles the holder(s) thereof to subscribe for 90,000,000 Conversion Shares at the initial Conversion Price (subject to adjustment) of HK\$0.65 per Conversion Share.

Consideration : HK\$58,500,000, payable in cash by the Company to the Vendor at Completion as to:

- (i) at the request, authorisation and risk of the Vendor, HK\$42,051,644 to Head & Shoulders Credit Limited; and
- (ii) the balance of the consideration, being HK\$16,448,356 to the Vendor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Head & Shoulders Credit Limited and its ultimate beneficial owner(s) is an Independent Third Party.

The consideration was determined by the parties after arm's length negotiations with reference to, among others, the principal amount, the internal rate of return, the coupon interest and maturity date of the Convertible Notes and a valuation of the Convertible Notes conducted by an independent valuer. The Group funded the consideration by using the Group's internal resources.

Completion : Completion took place on 6 February 2017 immediately after entering into the Sale and Purchase Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

- Issuer : Wanjia Group Holdings Limited
- Principal amount acquired by the Company : HK\$58.5 million
- Maturity date : the date falling on the second anniversary of the issue of the Convertible Notes, provided that if such date is not a Business Day, the Business Day immediately after such date (the “**Maturity Date**”)
- Coupon rate : 5% per annum and is payable semi-annually
- Conversion Price : HK\$0.65 per Conversion Share, subject to the adjustments as set out and in accordance with the terms and conditions of the Convertible Notes.

The initial Conversion Price of HK\$0.65 per Conversion Share represents:

- (i) a discount of approximately 7.14% to the closing price of HK\$0.70 per Issuer Share as quoted on the Stock Exchange on 6 February 2017, being the date of the Sale and Purchase Agreement; and
- (ii) a discount of approximately 2.69% to the average closing price of HK\$0.668 per Issuer Share as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of the Sale and Purchase Agreement.

- Conversion Price : The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events:
- (i) consolidation or subdivision of Issuer Shares;
 - (ii) capitalisation of profits or reserves;
 - (iii) capital distribution;

- (iv) offer of new Issuer Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Issuer Shares, at a price which is less than 80% of the market price per Issuer Share to its shareholders;
- (v) issue wholly for cash being made by Issuer of securities convertible into or exchangeable for or carrying rights of subscription for new Issuer Shares, if in any case the total effective consideration per new Issuer Share receivable is less than 80% of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable is less than 80% of such market price; and
- (vi) issue of Issuer Shares being made wholly for cash or for acquisition of assets at a price less than 80% of the market price per Issuer Share.

Notwithstanding the adjustment event provisions, the maximum number of Conversion Shares issuable upon conversion of the Conversion Notes shall be subject to the threshold of 129,680,000 Issuer Shares (subject to consolidation or subdivision) (the “**General Mandate Threshold**”). The noteholder(s) shall be entitled to convert the Convertible Notes into such number of Conversion Shares up to and equal to the General Mandate Threshold on a first-come-first converted basis. If there is any event occurred (including but not limited to any adjustment events) which leads to the number of Conversion Shares issuable under the Convertible Notes exceeding the General Mandate Threshold (the “**Exceeded Conversion Shares**”), the conversion rights attaching to the Convertible Notes attributable to the Exceeded Conversion Shares should be lapsed. Issuer shall redeem any outstanding principal amount of Convertible Notes attributable to the Exceeded Conversion Shares at 100% of the product of the Exceeded Conversion Shares and the Conversion Price (or the adjusted Conversion Price, as the case may be) together with the interest accrued thereon on the Maturity Date in accordance with the terms of the Convertible Notes.

Conversion Shares in respect of the Convertible Notes acquired by the Company : Based on the initial Conversion Price of HK\$0.65, a maximum number of 90,000,000 Conversion Shares shall be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Notes, representing:

- (i) approximately 13.9% of the existing issued share capital of Issuer; and
- (ii) approximately 12.2% of the issued share capital of Issuer as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price.

In the event that the Convertible Notes are converted in full, the Conversion Shares will be accounted for as an investment at cost and the financial results of Issuer will not be consolidated into the consolidated financial results of the Company.

Conversion period : The period commencing from the date of issue of Convertible Notes and up to and including the date which is three days immediately preceding the Maturity Date.

Conversion rights : Each noteholder will have the right to convert the whole or part of the principal amount of the Convertible Notes into Issuer Shares at the Conversion Price at any time during the conversion period.

The right of the noteholder to the repayment of the principal amount of the Convertible Notes and the payment of interest and premium (if any) shall be extinguished and released upon exercise of the conversion rights thereof.

Conversion restrictions : The noteholder(s) shall not exercise any conversion rights to such an extent that results or will result in Issuer not being able to meet the public float requirements under the Listing Rules.

Any conversion of the Convertible Notes shall be made in amounts of not less than a whole multiple of HK\$500,000 on each conversion unless the principal amount of the outstanding Convertible Notes is less than HK\$500,000 in which case the whole (but not part only) of such outstanding principal amount of the Convertible Notes shall be converted.

- Redemption : (i) No outstanding amount of Convertible Notes shall be redeemed at the request of Issuer nor the noteholders before the Maturity Date. Any amount of the Convertible Notes which remains outstanding on the Maturity Date shall be redeemed at its then outstanding principal amount, inclusive of interest as accrued on.
- (ii) Issuer shall be entitled, on the Maturity Date, to redeem the then outstanding Convertible Notes, at 100% of the principal of those Convertible Notes or any part thereof (together with all outstanding interest accrued upon the date of redemption). The Convertible Notes or any part thereof redeemed shall be forthwith cancelled. For the avoidance of doubt, Issuer shall not be entitled to redeem any part of the Convertible Notes which the noteholder(s) have served a duly conversion notice on Issuer regarding that.
- Ranking : Conversion Shares issued upon exercise of conversion rights attaching to the Convertible Notes shall rank pari passu in all respects with all other existing Issuer Shares outstanding at the date of the conversion notice and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the date of the conversion notice.
- Voting : Noteholders will not be entitled to attend or vote at any general meetings of Issuer by reason only of being the holders of the Convertible Notes.
- Transferability : The Convertible Notes are assignable and transferable subject to the applicable laws and regulations, and the Listing Rules provided that no assignment or transfer shall be made to a connected person of Issuer without the prior approval of Issuer and that the principal amount to be assigned or transferred is at least HK\$500,000 and in integral multiples of HK\$500,000 unless the outstanding principal amount of the Convertible Notes is less than HK\$500,000 in which case the whole (but not part only) of that amount may be assigned and transferred.
- Application for listing : No application has been made by Issuer to the Stock Exchange for the listing of the Convertible Notes. Application has been made by Issuer to the Listing Committee for the listing of, and permission to deal in the Conversion Shares.

- Events of default : If any of the following events occur, a noteholder may, prior to the Maturity Date, give notice to Issuer that the Convertible Notes is, and it shall on the giving of such notice immediately become, due and payable at its principal amount together with any accrued interest calculated up to and including the date of repayment:
- (i) Issuer defaults in performance or observance or compliance with any of its other obligations set out in the placing agreement dated 14 May 2015 entered into by Issuer which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the noteholder remedied within 30 Business Days after notice of such default shall have been given to Issuer by such noteholder; or
 - (ii) any bank borrowings of Issuer, or its subsidiaries (“**Major Subsidiaries**”) with net asset value as shown in the respective latest published accounts thereof amounts to 50% or more of that of Issuer are not paid when due, or as the case may be, within any applicable grace period; or
 - (iii) Issuer or its Major Subsidiaries fails to pay when due or expressed to be due any amounts payable or expressed to be payable by it under any present or future guarantee for any moneys borrowed from or raised through a financial institution; or
 - (iv) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed on the whole or any substantial part of the undertaking, property, assets or revenues of Issuer or its Major Subsidiaries; or
 - (v) Issuer or any of its Major Subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for consents to or suffers the appointment of any administrator, liquidator or receiver of Issuer or its Major Subsidiaries on the whole or any part of the undertaking, property, assets or revenues of Issuer or its Major Subsidiaries or takes any proceeding under any law for readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or

- (vi) an order is made or an effective resolution passed for winding up of Issuer or any of its Major Subsidiaries except in the case of winding-up for the purpose of the reorganisation of the group structure of Issuer and its Major Subsidiaries; or
- (vii) a moratorium is agreed or declared in respect of any indebtedness of Issuer or any of its Major Subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of Issuer or any of its Major Subsidiaries; or
- (viii) suspension of trading of the Issuer Shares on the Stock Exchange or a recognised stock exchange for a continuous period of 20 Business Days and which will constitute a material adverse effect on Issuer's business, operations, assets, financial condition, provided that any suspension of trading as a result of, or in circumstances where (a) an offer made to holders of Issuer Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) for the acquisition of all or any proportion of the Issuer Shares or such an offer becoming unconditional; or (b) Issuer is required to make an announcement pursuant to Chapter 14 and 14A of the Listing Rules or Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); or
- (ix) the Issuer Shares (as a class) cease to be listed on the Stock Exchange or a recognised stock exchange.

REASON FOR AND BENEFITS OF THE ACQUISITION

Since the Conversion Price represents a discount to the closing price of HK\$0.70 per Issuer Share as at the date of the Sale and Purchase Agreement and the rate of return of the Acquisition is generally more favourable and higher than the interest rates of fixed deposits offered by well-recognised financial institutions in Hong Kong, the Directors are of the view that the Acquisition would generate stable income for the spare fund of the Group.

The Directors are of the view that the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY

The Group is principally engaged in the design and provision of a broad range of children's personal care products, including skin care products, body and hair care products and oral care products under our own brands in the PRC and operation of an online platform focusing on the children, babies and parents markets, money lending business and trading of natural resources.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

INFORMATION OF THE ISSUER

The Issuer is a company incorporated in the Cayman Islands with limited liability and is an investment holding company. The Issuer and its subsidiaries are principally engaged in pharmaceutical wholesales and distribution and pharmaceutical retail chain business in the PRC.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios is greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Convertible Notes in the principal amount of HK\$58,500,000
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	China Child Care Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1259)
“Completion”	completion of the Sale and Purchase Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$0.65 per Conversion Share (subject to adjustment)
“Conversion Shares”	the 90,000,000 Issuer Shares to be allotted and issued upon exercise of the conversion right attaching to the Convertible Notes at the initial Conversion Price
“Convertible Notes”	the convertible notes in principal amount of HK\$58.5 million issued by the Issuer acquired by the Company pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) which is/are not connected person(s) (as defined under the Listing Rules) of the Company and is/are independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Issuer”	Wanjia Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 401)
“Issuer Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of Issuer
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 February 2017 entered into between the Vendor and the Company in relation to the Acquisition
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ever Smart Capital Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percent

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

Hong Kong, 6 February 2017

As at the date of this announcement, the Board comprises (i) five executive directors, namely Mr. Tsai Wallen, Mr. Ge Xiaohua, Mr. Huang Xinwen, Mr. Li Zhouxin and Mr. Ma Chi Ming; (ii) one non-executive director, namely Mr. Ren Yunan; and (iii) three independent non-executive directors, namely Mr. Tang Shuo, Mr. Tsao Benedict and Ms. Chan Sze Man.