

2016

THIRD

QUARTERLY REPORT



China Parenting Network Holdings Limited
中國育兒網絡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8361

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of China Parenting Network Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted on the website of the Company at <http://www.ci123.com>.

CONTENTS

	Pages
1. Highlights	3
2. Management Discussion and Analysis	4
3. Corporate Governance and Other Information	8
4. Condensed Consolidated Statements of Profit or Loss	15
5. Condensed Consolidated Statements of Other Comprehensive Income	16
6. Condensed Consolidated Statements of Changes in Equity	17
7. Notes to the Condensed Consolidated Financial Statements	18

HIGHLIGHTS

The following table sets forth the consolidated statements of profit or loss and other comprehensive income of the Group for the nine months ended 30 September 2016.

	For the nine months ended 30 September	
	2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Revenue	61,499	55,395
Gross profit	53,159	50,573
Profit for the Period	30,091	23,955
Attributable to:		
Owners of the parent	32,157	24,939
Non-controlling interests	(2,066)	(984)

- The Group's revenue for the nine months ended 30 September 2016 (the "Period") was approximately RMB61.5 million, representing an increase of approximately 11.0% over the revenue of approximately RMB55.4 million for the corresponding period in 2015.
- The Group's profit attributable to owners of the parent for the Period was approximately RMB32.2 million, comparing with the profit attributable to the owners of the parent of approximately RMB24.9 million for the corresponding period in 2015.
- The Group does not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading vertical online platform for the Children-Babies-Maternity (“CBM”) market in China which offers value-added services like new media, contents, community, smart hardware, e-commerce and cross-border services with such platforms as the CI Web (育兒網), mobile CI Web, mobile APP and the IPTV APP. It commits to providing young Chinese families with trust-worthy and personalized solutions all the way. The platforms of the Group have covered the CBM families ranging from those preparing for new born babies to those with 12 years-old kids. For the Period, the revenue of the Group totalled RMB30.1 million, with an increase of 25.4% compared to last year. The growth of revenue derived principally from marketing and promotion services and E-commerce businesses.

The industry report released by iResearch suggests that, the CBM market scale will be expected to reach 3 trillion till 2017. Due to the two-child policy, the substantial growth of maternal and infant population and together with the level-up of consumption are the momentum for long-term increase of maternal and infant industry. The excavation of maternal and infant derivative household demand is the new point to the growth of this industry. The Group owns a large and stable user community and through deeply exploring the needs of the user community, it keeps on expanding value-added service. According to the monitoring data of iResesrch, the Group gained a large growth in mobile users. The total number of daily active users (“DAU”) and monthly active users (“MAU”) of the Group’s in Quarter 3 mobile APPs reached 2.3 million (2016 Q2: 1.3 million) and 9.7 million (2016 Q2: 4.3 million) respectively, rose 76.92% and 125.28% quarter on quarter.

The Group is positioned in providing a smart family lifestyle. Based on the current smart mother-child strategy, the Group applies it into several industrial sectors, e.g. health, education, wealth management and entertainment, etc., Now, the Group has launch its multiple mother-child programs, such as smart family security plan, smart mother-child finance and smart intergenerational travels,. Also, the Group is continued to develop multiple family lifestyle projects in order to help with the construction of the service with differentiation advantage. At the same time, it combines family life scenes with advertisement technologies, which explore a smart way of cooperation for marketing and promotion.

With the maturity of mobile technology and internet terminal, the way of contents creation and communication is undertaking a revolution. Base on the ten-year experiences of creating contents, the Group has deep analysis of the users that mainly ranging 80’s and 90’s in mother-child families and continuously creates news forms of services which feature younger, customized and comprehensive. During the Period, the Group continued launching IP animation, several theme video programs and special investigation creating high-quality brand content in order to satisfy the needs of users with diversified contents. And at the same time, the Group has joined hands with multiple social media and business platforms to delivery contents with the way of live broadcasting. Our broadcasters gathered professional association, celebrity among the mothers, active users, celebrated experts and brands to build up a maternal-and-infant media alliance with social influence. “Mummy, you should buy” (《橙品清單：聰明媽媽消費指南》), a book that collects the evaluation result of the “1st CI Web Word-of-Mouth Mothers’ Choice Award”(育兒網第一屆媽媽口碑之選) in 2015 through registered users in CI Web which has been published during the Period and sold in bookstores, hospital and maternal and infant shops. The content of the “Mummy, you should buy” is authentic and closely adapted to the users’ life which win the trust of market and users. The “2nd CI Web Word-of-Mouth Mothers’ Choice Award”(育兒網第二屆媽媽口碑之選) has started on October 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

As the leading platform in the industry, the Group desires to search for the newest trends of maternal and infant brands and display the latest movements of maternal and infant products to the users, which improve brand influence and reputation to seek for more potential cooperation opportunities. During the Period, the Group actively took part in the 16th “CBME China CBM Exhibition and Children’s Wear Exhibition” (CBME中國孕嬰童展·童裝展) and focused on issues of the industry, such as the industry development trend since the Two-Child Policy launched, the combination between technology and mother-child industry, etc., The Group keeps on optimizing its Apps and was recognized by industry. During the Period, the Pregnancy Reminder APP won the “Most Influential Power in the Mobile Internet Mother-Child Industry” (移動互聯網母嬰行業最具影響力獎) in the “2016 World Internet Conference” hosted by CECA (中國電子商務協會).

The Group has adhered to love and responsibilities since its establishment, and on its first anniversary of listing, it established the Asia Children’s Charity Foundation (亞洲兒童慈善基金會), which is a non-religious, non-political and non-profit charitable institution. At current stage, it is primarily engaged in helping the children-in-need to acquire the medical, educational and vocational and technical support and it firstly launches the support project for the families who fail in assisted reproduction from single gene inherited disorder.

The group will continue to focus on the demand of maternal and infant demands. Through the internet big data technical proposal and high quality resource in and out of the industry, the Group will provide better service and stay ahead by continuous innovation in the industry development and upgrading. CI Web will also promote the development work of Asia Children’s Charity Foundation (亞洲兒童慈善基金會) to strive for healthy lives and families.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately 11.0% from approximately RMB55.4 million for the nine months ended 30 September 2015 to approximately RMB61.5 million for the Period, primarily due to the increased sales of goods which commenced in November 2015, the increased number of brands placing advertisements on the Group’s platform and the increased average advertising spending by these brands.

Cost of sales

The Group’s cost of sales increased by approximately 73.0% from approximately RMB4.8 million for the nine months ended 30 September 2015 to approximately RMB8.3 million for the Period, primarily due to (i) the purchase cost in sales of goods business of the Group, which is in low margin since its commencement; and (ii) the increase in the salaries and welfares driven by the annual adjustment of the salary in January 2016.

Gross profit and gross profit margin

The Group’s gross profit increased by approximately 5.1% from approximately RMB50.6 million for the nine months ended 30 September 2015 to approximately RMB53.2 million for the Period. The Group’s gross profit margin decreased slightly from approximately 91.3% to approximately 86.5% during the same period primary due to lower gross profit of sales of goods which commenced in November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income and gains

Other income and gains increased by approximately 56.5% from approximately RMB2.3 million for the nine months ended 30 September 2015 to approximately RMB3.6 million for the Period, primarily due to the government grants provided by the local government as the fund to support the development, and the interest income generated from financing lease.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 15.7% from approximately RMB5.1 million for the nine months ended 30 September 2015 to approximately RMB5.9 million for the Period, primarily due to that the Group engaged Fan Weiqi, a famous artist in Taiwan, as the spokesperson of website in China for marketing and promotional services.

Administrative expenses

Administrative expenses decreased by approximately 39.6%, from approximately RMB13.4 million for the nine months ended 30 September 2015 to approximately RMB8.1 million for the Period, primarily due to legal and professional expenses incurred from preparation for the Company's listing on GEM in 2015.

Research and development costs

Research and development costs increased by approximately 14.1% from approximately RMB9.9 million for the nine months ended 30 September 2015 to approximately RMB11.3 million for the Period, primarily attributable to the increase in the salaries and welfare of staff in research and development department since January 2016.

Income tax expense

The Group's income tax expense increased by approximately 175.0% from approximately RMB0.4 million for the nine months ended 30 September 2015 to approximately RMB1.1 million for the Period, primarily attributable to the increase in profit before tax.

Profit for the Period

As a result of the factors described above, the Group's net profit increased by approximately 25.4% from approximately RMB24.0 million for the nine months ended 30 September 2015 to approximately RMB30.1 million for the nine months ended 30 September 2016.

Capital structure

The shares of the Company (the "Shares") have been listed on GEM of the Stock Exchange since 8 July 2015. As at 30 September 2016, the Company's issued share capital was HK\$10,265,000, divided into 1,026,500,000 ordinary shares of HK\$0.01 nominal value each.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: Nil).

Loan to an entity

On 26 February 2016, Star Universal Holdings Limited, a wholly-owned subsidiary of the Company as lender (the “Lender”) entered into a loan facility agreement (“Loan Agreement”) with an independent third party, Lofty Force Limited as borrower (the “Borrower”) and the sole shareholder of the Borrower as guarantor (the “Guarantor”) which is also an independent third party.

Pursuant to the Loan Agreement, the Lender agreed to grant to the Borrower, a loan facility of HK\$60,000,000 (the “Loan Facility”), bearing interest at a rate of 6.0% per annum for a period of 36 months commencing from the date of the Borrower’s receipt of the funds under the Loan Facility (i.e. 3 March 2016) and subject to a renewal of 36 months upon agreement to be entered between the Borrower and Lender.

The Lender can also exercise an option under the Loan Agreement to subscribe for 10% to 51% of the enlarged issued share capital of the Borrower or purchase 10% to 51% of the issued share capital of the Borrower from its sole shareholder, at a consideration to be determined by a valuation to be conducted by an independent professional valuer. The Loan Facility is secured by guarantee and at the request of the Lender, the Loan Facility will be secured by a charge on assets of the Borrower. Details of the Loan Agreement are set out in the announcement of the Company dated 26 February 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 September 2016, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in the shares of the Company

Name of Director	Nature of Interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding
Ms. Li Juan ^{(1) (4)}	Interest in a controlled corporation	409,200,000	
	Interest of concert party	120,000,000	
	Total:	529,200,000	51.55%
Mr. Wu Haiming ^{(1) (4)}	Interest of spouse	529,200,000	51.55%
Mr. Cheng Li ^{(2) (4)}	Interest in a controlled corporation	120,000,000	
	Interest of concert party	409,200,000	
	Total:	529,200,000	51.55%
Mr. Zhang Lake Mozi ⁽³⁾	Interest in a controlled corporation	84,000,000	8.18%

Notes:

- (1) Each of Loyal Alliance Management Limited ("Loyal Alliance") and Prime Wish Holdings Limited ("Prime Wish") is directly and wholly owned by Ms. Li Juan, who is therefore deemed to be interested in all the shares held by each of Loyal Alliance and Prime Wish. Ms. Li Juan and Mr. Cheng Li entered into a concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other. Mr. Wu Haiming, a non-executive Director, is the spouse of Ms. Li Juan, and therefore deemed to be interested in the interests of Ms. Li Juan.
- (2) Victory Glory Holdings Limited ("Victory Glory") is directly and wholly owned by Mr. Cheng Li, who is therefore deemed to be interested in all the shares held by Victory Glory. Ms. Li Juan and Mr. Cheng Li entered into a concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (3) Sharp Knight Limited (“Sharp Knight”) holds the shares as trustee for and on behalf of 中誠馬(北京)投資顧問有限公司 (Zhongchengma (Beijing) Investment Consultation Company Limited*) (“Beijing Zhongchengma”), which is wholly owned by Ms. Wang Rong, the spouse of Mr. Zhang Lake Mozi, an executive Director. Sharp Knight is directly and wholly owned by Mr. Zhang Lake Mozi, who is therefore deemed to be interested in all the shares held by Sharp Knight. Mr. Zhang Lake Mozi and Ms. Wang Rong are therefore deemed to be interested in the interests of each other.
- (4) As disclosed in the prospectus dated 30 June 2015 (the “Prospectus”), Ms Li Juan and Mr. Cheng Li, the controlling shareholders of the Company, have undertaken to maintain shareholding interests of not less than 51% in the Company. In view of the dilution effect when the over-allotment option is exercised, Loyal Alliance, which is wholly-owned by Ms. Li Juan, has purchased in aggregate 19,200,000 shares from investors before the exercise of the over-allotment option in order to maintain shareholding interests of not less than 51% in the Company.

Interests in other members of the Group (long position)

Name of Director	Name of Subsidiary	Nature of Interest	Approximate percentage of shareholding
Ms. Li Juan ⁽¹⁾	Nanjing Xihui Information Technology Company Limited* ⁽²⁾ (南京矽滙信息技術有限公司) (“Nanjing Xihui”) ⁽²⁾	Beneficial owner	85%
	Nanjing Xinchuang Micro Machinery and Electronic Technology Company Limited* ⁽²⁾ (南京芯創微機電技術有限公司) (“Nanjing Xinchuang”) ⁽²⁾	Beneficial owner	85%
Mr. Wu Haiming ⁽¹⁾	Nanjing Xihui ⁽²⁾	Interest of spouse	85%
	Nanjing Xinchuang ⁽²⁾	Interest of spouse	85%
Mr. Cheng Li	Nanjing Xihui ⁽²⁾	Beneficial owner	15%
	Nanjing Xinchuang ⁽²⁾	Beneficial owner	15%

Notes:

(1) Mr. Wu Haiming, a non-executive Director, is the spouse of Ms. Li Juan, and therefore deemed to be interested in the interests of Ms. Li Juan.

(2) Pursuant to the contractual arrangement, each of Nanjing Xinchuang and Nanjing Xihui is deemed to be a wholly owned subsidiary of the Company.

Save as disclosed above, as at 30 September 2016, none of the Directors nor chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 September 2016, the following persons (not being Directors or chief executives of the Company) have or be deemed or taken to have interests and/or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the shares of the Company

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding
Loyal Alliance ⁽¹⁾⁽⁶⁾	Beneficial owner	193,200,000	18.82%
Prime Wish ⁽¹⁾	Beneficial owner	216,000,000	21.04%
Victory Glory ⁽²⁾	Beneficial owner	120,000,000	11.69%
Properous Commitment ⁽³⁾	Beneficial owner	51,600,000	5.03%
TMF Trust (HK) Limited ⁽³⁾	Trustee	51,600,000	5.03%
Winner Zone ⁽⁴⁾	Trustee	104,400,000	10.17%
Ms. Guo Minfang ⁽⁴⁾	Interest of controlled corporation	104,400,000	10.17%
Sharp Knight ⁽⁵⁾	Trustee	84,000,000	8.18%
Ms. Wang Rong ⁽⁵⁾	Interest of spouse	84,000,000	8.18%
Shanghai AMVC Culture Investment Management Center (a Limited Partnership)* ⁽⁴⁾ (上海早鳥文化投資管理中心(有限合夥)) ⁽⁴⁾	Beneficiary of a trust	104,400,000	10.17%
Shanghai AMVC Investment Management Center (a Limited Partnership)* ⁽⁴⁾ (上海早鳥投資管理中心(有限合夥)) ⁽⁴⁾	Interest of controlled corporation	104,400,000	10.17%
Beijing Zhongchengma ⁽⁵⁾	Beneficiary of a trust	84,000,000	8.18%

Notes:

- (1) Each of Loyal Alliance and Prime Wish is directly and wholly owned by Ms. Li Juan.
- (2) Victory Glory is directly and wholly owned by Mr. Cheng Li.
- (3) Properous Commitment is owned by TMF Trust (HK) Limited ("TMF Group"), and pursuant to the share award plan implemented by the Company on 8 September 2016, TMF Group holds the shares on trust for the benefit of the selected employees in accordance to the terms of the trust deed, until such award shares are vested in the relevant selected employees.
- (4) Winner Zone, solely owned by Ms. Guo Minfang, holds the shares as trustee for and on behalf of Shanghai AMVC Culture Investment Management Center (a Limited Partnership) (上海早鳥文化投資管理中心(有限合夥)), the general partner of which is Shanghai AMVC Investment Management Center (a Limited Partnership) (上海早鳥投資管理中心(有限合夥)) which is in turn held as to 25% by Ms. Guo Minfang and 50% by Ms. Cao Qiongmeng.
- (5) Sharp Knight holds the shares as trustee for and on behalf of Beijing Zhongchengma, which is wholly owned by Ms. Wang Rong, the spouse of Mr. Zhang Lake Mozi, an executive Director. Sharp Knight is directly and wholly owned by Mr. Zhang Lake Mozi, who is therefore deemed to be interested in all the shares held by Sharp Knight. Mr. Zhang Lake Mozi and Ms. Wang Rong are therefore deemed to be interested in the interests of each other.
- (6) As disclosed in the Prospectus of the Company, Ms Li Juan and Mr. Cheng Li, the controlling shareholders of the Company, have undertaken to maintain shareholding interests of not less than 51% in the Company. In view of the dilution effect when the over-allotment option is exercised, Loyal Alliance, which is wholly-owned by Ms. Li Juan, has purchased in aggregate 19,200,000 shares from investors before the exercise of the over-allotment option in order to maintain shareholding interests of not less than 51% in the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 September 2016, the Directors were not aware of any other persons who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 June 2015 (the "Share Option Scheme") for the purpose of providing incentive or rewarding eligible persons (including director or employee (whether full time or part time), consultant or advisor of our Group) for their contribution to, and continuing efforts to promote the interests of our Group and for such other purposes as the Board may approve from time to time. No share option has been granted under the Share Option Scheme since its adoption by the Company.

The Share Option Scheme became effective on the date of the Company's listing (i.e. 8 July 2015) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 100,000,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and 9.74% of the shares of the Company in issue as at the date of this interim report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options, which must be a date on which the Stock Exchange is open for business of dealing in securities; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the nine months ended 30 September 2016 was any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or was any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares during the Period.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.

NON-COMPETITION UNDERTAKINGS

The controlling shareholders of the Company, namely Ms. Li Juan, Mr. Cheng Li, Mr. Wu Haiming, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited (the "Controlling Shareholders") have entered into a deed of non-competition (the "Deed of Non-competition") on 19 June 2015. Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus and the non-competition undertaking has become effective from the listing date. So far as the Directors are aware, as at the date of this report, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.

SHARE AWARD PLAN

As stated in the Prospectus, the Company intends to adopt a share award plan (the "Plan") within 12 months from the listing date. The Board has adopted the Plan on 6 July 2016. On 8 September 2016, Mr. Hsieh Kun Tse, the non-executive Director, had transferred the entire issued share capital of Properous Commitment Holdings Limited ("Properous Commitment") which in turn holds 51,600,000 of the Shares of the Company, to TMF Group at nil consideration. The trustee holds on trust the award Shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award Shares are vested in the relevant selected employees in accordance with this Plan. For details of the Plan, please refer to the announcements of the Company dated 7 July 2016 and 14 July 2016. To the knowledge of the Directors, as at the date of this report, both Properous Commitment and TMF Group have complied with the terms of the trust deed.

As at the date of this report, no Shares have been granted to qualified employees under the Plan.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND CONTRACTUAL ARRANGEMENT

The Group's primary business is considered to be value-added telecommunications service, a sector where foreign investment is subject to significant restrictions under the current PRC laws and regulations. Accordingly, with the restriction of the current PRC laws and regulations and the implementation of local competent authorities, the Company cannot acquire Nanjing Xihui and Nanjing Xinchuang, which hold certain licenses and permits required for our primary business. As a result, the Group entered into a series of contractual arrangement with Nanjing Xihui and Nanjing Xinchuang and their respective registered shareholders (the "Contractual Arrangement") in order to conduct the said business, and to assert management control over the operations of and enjoy the economic benefits derived from Nanjing Xihui and Nanjing Xinchuang. For details of the Contractual Arrangement, please refer to the section headed "Contractual Arrangement" of the Prospectus.

In addition, under the current PRC laws and regulations, a foreign investor intending to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good track record and possess operating experience in providing value-added telecommunications services overseas ("Qualification Requirements").

So far as the Directors are aware, as at the date of this report, the Company has taken all reasonable steps to ensure that such Qualification Requirements are met if and when the PRC laws and competent authorities substantially allow foreign investors to invest in value-added telecommunications services in the PRC. The Company will continue to communicate with the relevant governmental authorities and provide updates where necessary.

COMPETING INTERESTS

So far as the Directors are aware, as at the date of this report, none of the Directors or the Controlling Shareholders has any interests in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this report, save and except for the compliance adviser agreement entered into between the Company and China Everbright Capital Limited (the "Compliance Adviser") dated 16 February 2015, neither the Compliance Adviser nor its directors, employees or close associates had any interest in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports, the financial reporting, risk management and internal control systems of the Group and to provide advice to the Board. The Audit Committee consists of two independent non-executive Directors, namely Mr. Wu Chak Man (chairman of the Audit Committee) and Mr. Ge Ning, and one non-executive Director, namely Ms. Li Juan. The Audit Committee has reviewed this report.



CORPORATE GOVERNANCE AND OTHER INFORMATION



CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, the Company had complied with all the code provisions as set out in the CG Code during the Period.

By order of the Board
China Parenting Network Holdings Limited
Cheng Li
Executive Director and Chief Executive Officer

Nanjing, the People’s Republic of China, 11 November 2016

As at the date of this report, the executive Directors are Mr. Cheng Li, Mr. Hu Qingyang and Mr. Zhang Lake Mozi; the non-executive Directors are Mr. Wu Haiming, Ms. Li Juan and Mr. Hsieh Kun Tse; and the independent non-executive Directors are Mr. Wu Chak Man, Mr. Zhao Zhen and Mr. Ge Ning.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

THIRD QUARTERLY RESULTS (UNAUDITED)

The Board is pleased to report the unaudited quarterly results and the unaudited condensed consolidated financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2015. These results have been reviewed by the Company's audit committee, comprising all of the independent non-executive Directors and non-executive Directors, with one of the independent non-executive Directors chairing the audit committee.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
REVENUE	3	21,046	19,395	61,499	55,395
Cost of sales		(1,748)	(1,681)	(8,340)	(4,822)
Gross profit		19,298	17,714	53,159	50,573
Other income and gains	3	172	1,978	3,634	2,288
Administrative expenses		(2,841)	(6,785)	(8,111)	(13,437)
Selling and distribution expenses		(1,968)	(2,533)	(5,896)	(5,125)
Research and development costs		(3,483)	(3,208)	(11,304)	(9,885)
Finance costs		(91)	(32)	(330)	(32)
PROFIT BEFORE TAX		11,087	7,134	31,152	24,382
Income tax expense	4	(165)	(152)	(1,061)	(427)
PROFIT FOR THE PERIOD		10,922	6,982	30,091	23,955
Profit attributable to:					
Owners of the parent		11,560	7,624	32,157	24,939
Non-controlling interests		(638)	(642)	(2,066)	(984)
		10,922	6,982	30,091	23,955
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted					
For profit for the period (expressed in RMB per share)	5	0.0113	0.0075	0.0314	0.0286

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

Notes	For the three months ended 30 September		For the nine months ended 30 September	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	10,922	6,982	30,091	23,955
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	1,326	10,409	5,070	10,409
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,248	17,391	35,161	34,364
Total comprehensive income attributable to:				
Owners of the parent	12,886	18,033	37,227	35,348
Non-controlling interests	(638)	(642)	(2,066)	(984)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total	Non-controlling interests	Total
	Share capital	Share premium	Reserves funds	Other reserve	Exchange fluctuation reserve	Retained profits			
At 1 January 2016	8,097	226,286	6,994	16,842	13,606	30,554	302,379	(1,946)	300,433
Profit for the Period	-	-	-	-	-	32,157	32,157	(2,066)	30,091
Other comprehensive income for the period									
Exchange differences on translation of foreign operations	-	-	-	-	5,070	-	5,070	-	5,070
Total comprehensive income for the period	-	-	-	-	5,070	32,157	37,227	(2,066)	35,161
Appropriation to statutory reserves	-	-	2,922	-	-	(2,922)	-	-	-
At 30 September 2016 (unaudited)	8,097	226,286	9,916	16,842	18,676	59,789	339,606	(4,012)	335,594
At 1 January 2015	-	-	2,968	16,842	-	55	19,865	(130)	19,735
Profit for the Period	-	-	-	-	-	24,939	24,939	(984)	23,955
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	10,409	-	10,409	-	10,409
Total comprehensive income for the period	-	-	-	-	10,409	24,939	35,348	(984)	34,364
Issuance of shares for the IPO	8,097	240,242	-	-	-	-	248,339	-	248,339
Share issuance expense	-	(13,872)	-	-	-	-	(13,872)	-	(13,872)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	49	49
Appropriation to statutory reserves	-	-	166	-	-	(166)	-	-	-
At 30 September 2015 (unaudited)	8,097	226,370	3,134	16,842	10,409	24,828	289,680	(1,065)	288,615

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Parenting Network Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 13 October 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 July 2015 (the “Listing Date”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the provision of marketing and promotional services through the Group’s platform, including PC Web, Mobile Web, Mobile Application Software (“APPS”) and IPTV APPS; and (ii) e-commerce business in the People’s Republic of China (the “PRC”). There has been no significant change in the Group’s principal activities during the year.

In the opinion of the directors of the Company, as of the date of these financial statements, Ms. Li Juan, Mr. Cheng Li, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited are the Company’s Controlling Shareholders.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the period has been prepared in accordance with International financial Reporting Standards (“IFRS”) which comprise all standards and interpretations approved by the International Accounting Standards Board, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 December 2015. The unaudited condensed consolidated financial information have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

These financial statements are presented in RMB, and all values are rounded to the nearest thousand except when otherwise indicate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the value of services rendered and the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Revenue				
Marketing and promotional service	20,882	19,228	58,716	54,901
E-commerce	164	167	415	494
Sale of goods	–	–	2,368	–
	21,046	19,395	61,499	55,395
Other income				
Government grants*	–	1,424	2,451	1,724
Bank interest income	105	2	409	12
Finance lease interest income	–	–	440	–
Exchange gain	66	552	32	552
Other income	1	–	302	–
	172	1,978	3,634	2,288

* In 2016, Nanjing Xihui Information Technology Co., Ltd. ("Nanjing Xihui"), a subsidiary of the Company, received government grants with an aggregate amount of RMB2,281,600 which were provided by the local government as the fund to support the development. The government grants did not specify any repayment terms.

4. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the BVI.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX EXPENSE (CONTINUED)

Under the relevant income tax law, the PRC subsidiaries are subject to income tax at a statutory rate of 25% on their respective taxable income. Xibai (Nanjing) Information Technology Company Limited (“Nanjing Xibai”) has been recognized as software enterprise on 27 May 2016 and filed in local tax bureau. Therefore, it would be exempted from income tax for its first two profitable years (i.e. 2015 and 2016) followed by a preferential income tax rate of 12.5% from 2017 to 2019.

The income tax expenses of the Group are analyzed as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Group:				
Current – PRC				
Charge for the period	165	152	1,061	427
Total tax charge for the period	165	152	1,061	427

5. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the respective profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the three months and nine months ended 30 September 2016 and 2015.

There were no potentially dilutive ordinary shares in issue during the three months and six months ended 30 September 2016 and 2015, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to ordinary equity holders of the parent (RMB'000)	11,560	7,624	32,157	24,939
Weighted average number of ordinary shares in issue	1,026,500,000	1,017,666,667	1,026,500,000	872,555,556
Basic and diluted earnings per share (expressed in RMB per share)	0.0113	0.0075	0.0314	0.0286