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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

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.

This announcement, 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 announcement 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 announcement misleading.

The board of Directors (the “Board”) announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2017. This announcement, containing the full text of the 2017 Interim Report of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of interim results. Printed version of the Company’s 2017 Interim Report will be delivered to the shareholders of the Company and available for viewing on the GEM website at www.hkgem.com and the Company’s website at www.cil23.com in due course.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Li
Mr. Hu Qingyang
Mr. Zhang Lake Mozi

Non-Executive Directors

Ms. Li Juan (*Chairperson*)
Mr. Wu Haiming
Mr. Hsieh Kun Tse

Independent Non-Executive Directors

Mr. Wu Chak Man
Mr. Zhao Zhen
Mr. Ge Ning

BOARD COMMITTEES

Audit Committee

Mr. Wu Chak Man (*Chairperson*)
Ms. Li Juan
Mr. Ge Ning

Nomination Committee

Ms. Li Juan (*Chairperson*)
Mr. Zhao Zhen
Mr. Ge Ning

Remuneration Committee

Mr. Ge Ning (*Chairperson*)
Mr. Zhao Zhen
Mr. Cheng Li

COMPLIANCE OFFICER

Mr. Cheng Li

JOINT COMPANY SECRETARIES

Mr. Zhang Lake Mozi
Ms. Ng Wing Shan

AUTHORISED REPRESENTATIVES

Mr. Cheng Li
Ms. Ng Wing Shan

AUDITORS

Ernst & Young

COMPLIANCE ADVISER

China Everbright Capital Limited (up to 31 January 2017)
24, Lee Garden One
33 Hysan Avenue
Causeway bay
Hong Kong

Innovax Capital Limited (start from 1 February 2017)
2002, 20/F, Chinachem Century Tower
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Wanchai, Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law

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As to PRC law

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The PRC

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Level 22, Hopewell Centre
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PRINCIPAL BANK

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Nanjing, Jiangsu Province, PRC

STOCK CODE

8361

COMPANY WEB-SITE

www.ci123.com

INVESTOR RELATIONS CONSULTANT

PR Asia Consultants Limited
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13-14 Connaught Road Central, Hong Kong

HIGHLIGHTS

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	45,848	40,453
Gross profit	40,475	33,861
Profit for the period	20,873	19,169
Attributable to:		
Owners of the parent	16,522	20,597
Non-controlling interests	4,351	(1,428)
Basic and diluted earnings per share (expressed in RMB per share)	0.0161	0.0201

- The Group's revenue for the six months ended 30 June 2017 (the "Period") was approximately RMB45.8 million, representing an increase of approximately 13.1% over the revenue of approximately RMB40.5 million for the corresponding period in 2016.
- The Group's gross profit for the Period was approximately RMB40.5 million, comparing with the gross profit of approximately RMB33.9 million for the corresponding period in 2016.
- The Group's profit for the Period was approximately RMB20.9 million, comparing with the profit of approximately RMB19.2 million for the corresponding period in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading vertical online platform for the Children-Babies-Maternity (“CBM”) market in China, aiming at providing users with 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 APPs and the IPTV APP, creating a one-stop mother-child experience platform. The Group’s platforms cover services for families ranging from those preparing for new born babies to those with 12 years-old kids. As at 30 June 2017, revenue of the Group reached RMB45.8 million, representing an increase of 13.1% as compared to corresponding period last year. The increase in revenue is mainly attributed to the rapid development in CBM industry which created a large demand for online advertising of CBM products and the enhanced user traffic and platform reputation encouraged customers to put more budgets in brand displaying. During the Period, CI Web established a leading position by owning multi-platforms and maintaining a certain number of users. According to third-party platform monitoring data, as at 30 June 2017, the monthly active users (“MAU”) of CI Web of the Group and the daily active users (“DAU”) reached 93.9 million and 4.13 million respectively, representing an increase of 61.92% and 66.53% respectively as compared to that of the same period last year. The MAU and DAU of the Group’s mobile APPs altogether (figure of mobile APPs altogether is the sum of 2 APPs under CI Web, namely “Pregnancy Reminder” and “Mother Zone”) were 10.97 million and 2.41 million respectively, representing an increase of 54.29% and 43.45% respectively as compared to that of last year.

Benefited from the two-child policy, the rapid expansion of mother-child families resulted in continuous rigid demand for mother-child products and services. The development of internet technology and changes in younger parent’s consumption behavior has started extending the mother-child market to diversified areas including education, medical and health. According to the estimation made by iResearch, the number of mother-child families in China will reach 286 million by the end of 2018, and China’s overall mother-child market will have a market size of approximately RMB4 trillion by 2020.

The Group is well-positioned and is committed to active exploration and expansion in platforms, services and industries. Introducing through families, it extended traditional simple mother-child services to broader areas including finance, health care, tourism, insurance, early childhood education and home entertainment. During the Period, the Group continued to promote smart family lifestyle. The Group maintained good cooperation relationships with several organizations engaging in multi-aspects and consolidated the advantages of resources platform, which not only expanded the Group’s business areas and range of services, but also enriched the brand connotation and enhanced the overall recognition of the enterprise.

With the development of mobile internet, younger parents’ consumption behavior has changed significantly with continuous penetration of social and entertainment elements. Since younger parents enjoy acquiring and sharing parenting knowledge on the mobile internet platform, the CI Web kept providing quality-oriented contents as one of its development focus, maintained user’s emotional connections with quality contents and increased user’s loyalty by establishing online mother-child community. By taking the form of “PGC (Professionals-Generated Contents) + OGC (Occupation-Generated Contents) + UGC (Users-Generated Contents)”, the platform of CI Web has joined hands with professional organizations, maternity and child celebrities, active users and brand accounts to form an extremely influential mother-child media alliance, which closely follow hot topics in the market and create original professional contents. During the Period, the Group continued to develop new animation and live shows based on original contents. Our team settled in large live broadcasting platforms and gained vast loyal audiences. Meanwhile, CI web conducted in-depth cooperations with various e-commerce platforms and received general appreciation within and beyond the industry by realising brand value through contents distribution and providing shopping guide services.

With the rapid expansion of consumption in the mother-child market, “high quality” and “customization” have become the common pursuit. During the Period, the Group further identified user needs by using user data to provide users differentiated service experience such as fetal movement management and pregnancy checkup management.

MANAGEMENT DISCUSSION AND ANALYSIS

In May 2017, the Group established a strategic cooperation partnership with Kingdom Music Education Group Limited (“Kingdom Music”), which is the only company authorized by the Royal College of Music to provide music education training to students aged 18 years old and under in China. The CI Web will serve as the platform for educational support services and recruitment of students for the international music training centres operated by Kingdom Music. It is expected that the strategic cooperation partnership would further expand the Group’s influence.

Looking forward, the Group will explore diversified profit model and put more efforts in marketing promotion. In addition to internet marketing, the Group will introduce more cross-industry services to our users.

The Company submitted a formal application to the Stock Exchange on 30 March 2017 for the transfer of listing of shares from GEM to the Main Board of the Stock Exchange pursuant to Chapter 9A of the Listing Rules. For details, please refer to the announcement of the Company dated 30 March 2017. The Company does not guarantee that approval and permission will be obtained from the Stock Exchange for the transfer of listing.

The business target and actual business progress comparison

The following table shows the comparison between the business target in the prospectus dated 30 June 2015 of the Company (the “Prospectus”) and the Group’s actual business progress during the six months ended 30 June 2017:

Business target	Particulars	Actual business progress during the period from 1 January 2017 to 30 June 2017
Strengthening research and development capabilities of contents and service products	<p>Increase original contents on platforms and improve user interface;</p> <p>Develop new web-based and mobile apps of mother-child products in order to maintain market status;</p> <p>Develop interactive family entertainment system product, early learning and early education centers management system.</p>	<ul style="list-style-type: none"> • Continued to develop several forms of original content, mainly in the format of “PGC (Professional Generated Content) + OGC (Occupational Generated Content) + UGC (User Generated Content)”, such as original cartoon clip series “All about parenting (育兒你造嗎)”, “Mummy’s Pick of Mother-child Products (挑大神)” and “Baby’s Mind (熊霸天下)”. • Developed a All-platform and put more focus on sharing with and interaction of users of the platform and products. Continue to enhance new user interface experience and develop interactive products such as “Mummy’s Preference” (媽媽優選), “Mummy and Pets” (媽咪寵物) and “Flea Market” (二手市集). • Further identified user needs by using user data to provide users differentiated service experience such as fetal movement management and pregnancy checkup management. • Provided more scenic experience by innovative advertising and marketing services to enhance the effectiveness of advertising. • Conducted research and development in pan-mother-child regions such as parent-child relationship nourishing, children’s early education and family entertainment. Early education products such as “Baby Cloud Project” (寶貝雲計劃) and “Parents and Kindergarten” (家園寶) are developed. Developed early education contents for children of 0-6 years old with top-tier partners in China, maintained and upgraded of product system.

MANAGEMENT DISCUSSION AND ANALYSIS

Business target	Particulars	Actual business progress during the period from 1 January 2017 to 30 June 2017
Enhancing the user base and internet traffic of Platform	<p>Increase number of visits of CI Web through securing entrance slots in search engines and navigation sites;</p> <p>Increase the number of downloads and use of Mobile APPs through obtaining entrances slots in online APP stores;</p> <p>Marketing of interactive family entertainment system product and early learning.</p>	<ul style="list-style-type: none"> CI Web has multi-platforms to maintain a certain number of users, and maintain a leading status among fellow industry players. According to third-party platform monitoring data, as at 30 June 2017, the monthly active users ("MAU") of CI Web of the Group and the daily active users ("DAU") reached 93.9 million and 4.13 million respectively, representing an increase of 61.92% and 66.53% respectively as compared to that of the same period last year. The MAU and DAU of the Group's mobile APPs altogether (figure of mobile APPs altogether is the sum of 2 APPs under CI Web, namely "Pregnancy Reminder" and "Mother Zone") were 10.97 million and 2.41 million respectively, representing an increase of 54.29% and 43.45% respectively as compared to that of last year. The promotion of interactive family entertainment system products and plan of early education were under continuous development.
Developing e-commerce business and related O2O business	<p>Expand and diversify e-commerce platform;</p> <p>Increase the O2O elements in Mobile APPs;</p> <p>Develop and marketing fetal heart monitoring device (胎心儀) and other smart-hardware devices that can connect with Mobile APP.</p>	<ul style="list-style-type: none"> Continued to develop e-commerce business in multiple channels through self developed mobile APP and the sold of CBM related services and products on third party platform. Established a strategic cooperation partnership with Kingdom Music in May 2017, pursuant to which CI Web will serve as the platform for educational support services and recruitment of students for the international music training centres operated by Kingdom Music.

MANAGEMENT DISCUSSION AND ANALYSIS

Business target	Particulars	Actual business progress during the period from 1 January 2017 to 30 June 2017
Acquisition of or investment in other companies engaging in O2O and CBM related businesses	Expand business through acquisition of or investment in other companies engaging in CBM related business.	<ul style="list-style-type: none"> The Group did not have any confirmed acquisition or investment plan during the Period.
Enhancing marketing and promotional services	Organize more social activities and expand our marketing and promotion team.	<ul style="list-style-type: none"> Sales and marketing services recorded continuous growth, large sale event included, as a strategic mother-child media partner of "2017 Mother-child Health Mile Walk" (2017母嬰健康萬里行), the Group participated in and held events in Shanghai, Guangzhou, Suzhou and Nanjing as of June 2017. Organized "Annual Celebration for Mother Zone".
Working capital and other general corporate purposes	Utilise the working capital according to the needs and for other general corporate purpose.	<ul style="list-style-type: none"> The working capital were used on daily operation and general corporate purposes.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 13.1% from approximately RMB40.5 million for the six months ended 30 June 2016 to approximately RMB45.8 million for the Period, primarily due to the rapid development in CBM industry which created a large demand for online advertising of CBM products and the enhanced traffic and reputation of users encouraged customers to put more budgets in brand displaying on the platform.

Cost of sales

The Group's cost of sales decreased by approximately 18.2% from approximately RMB6.6 million for the six months ended 30 June 2016 to approximately RMB5.4 million for the Period, primarily due to the termination of sales of products in the second quarter of 2016.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 19.5%, from approximately RMB33.9 million for the six months ended 30 June 2016 to approximately RMB40.5 million for the Period. The Group's gross profit margin increased from approximately 83.7% to approximately 88.3% during the same period, primarily due to the growth of the Group's revenue and termination of sales of goods with lower gross profit in the second quarter of 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income and gains

The Group's other income and gains increased by approximately 74.3%, from approximately RMB3.5 million for the six months ended 30 June 2016 to approximately RMB6.1 million for the Period primarily due to the government grants provided by the local government as development support funds, and the interest income from purchase of certain financial products.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 43.6% from approximately RMB3.9 million for the six months ended 30 June 2016 to approximately RMB5.6 million for the Period, primarily attributable to the increased salary level of employees in the market department and customer service department as well as the number of employees.

Administrative expenses

The Group's administrative expenses increased by approximately 20.8%, from approximately RMB5.3 million for the six months ended 30 June 2016 to approximately RMB6.4 million for the Period, primarily due to legal and professional expenses incurred from preparation for transfer listing from GEM to mainboard of the Stock Exchange and the increased salary level of employees.

Research and development costs

The Group's research and development costs increased by approximately 20.5% from approximately RMB7.8 million for the six months ended 30 June 2016 to approximately RMB9.4 million for the Period, primarily attributable to the increase in the salaries and welfares of staff in research and development department since January 2017.

Income tax expense

The Group's income tax expense increased by approximately 166.7% from approximately RMB0.9 million for the six months ended 30 June 2016 to approximately RMB2.4 million for the Period, primarily attributable to income tax expense incurred by Nanjing Xibai in 2017 with preferential income tax rate of 12.5% (2016: 0%).

Profit for the period

As a result of the factors described above, the Group's net profit increased by approximately 8.9% from approximately RMB19.2 million for the six months ended 30 June 2016 to approximately RMB20.9 million for the Period.

Gearing ratio

As at 30 June 2017, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was 4.8% (31 December 2016: 4.9%).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

As at 30 June 2017, the Group had net current assets of approximately RMB358.5 million, as compared to the net current assets of approximately RMB277.7 million as at 31 December 2016. As at 30 June 2017, the Group had cash and cash equivalents of approximately RMB326.1 million (31 December 2016: approximately RMB230.4 million).

As at 30 June 2017, the Group had bank borrowing of RMB2.0 million (31 December 2016: RMB2.0 million). The Group's bank borrowings were denominated in RMB while cash and cash equivalents were primarily held in RMB and Hong Kong dollars ("HK\$"). As at 30 June 2017, the Group's outstanding loans were unsecured and at fixed interest rates. The Group plans to maintain an appropriate mix of share capital and debt to ensure an efficient capital structure during the Period. Please see page 23 to 24 of this report for details of the Group's cash flow during the Period.

CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 30 June 2017 and 31 December 2016.

Foreign exchange exposure

The Group's income and expenditure during the Period were principally denominated in RMB and HK\$, and most of the assets and liabilities as at 30 June 2017 were denominated in RMB except that cash balance amounted to RMB101.9 million was dominated in HK\$. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the Period.

Employees, training and remuneration policy

The remuneration committee of the Company will review and determine the remuneration and compensation packages of Directors with reference to their responsibilities, workload, the time devoted to the Group and the performance of the Group. In general, the Group determines employees' salaries based on their performance and length of services. The Directors believe the salaries and benefits provided to the employees are competitive with local market standards. The Group also contributes to the social insurance in the PRC.

The Group has implemented training for new employees during their course of employment in order to ensure that employees are able to meet the job requirements. In addition, the Group will occasionally arrange internal and external trainings for the Group's employees. For external trainings, external speakers who have extensive experience in information technology may be invited to attend the Group's office to perform the training, and for internal trainings, the topics may include finance, accounting, risk management or information technology and such trainings will be conducted by the relevant department. The Group considers these on job trainings are necessary for the employees to handle issues which may arise in their day to day operations and can enhance their ethic and morale.

As at 30 June 2017, the Group has a total of 168 employees including executive Directors (31 December 2016: 174 employees). Total staff costs were approximately RMB17.5 million for the Period (six months ended 30 June 2016: approximately RMB13.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals of subsidiaries

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries.

Charges of assets

As at 30 June 2017, the Group did not make any pledged bank deposit (31 December 2016: Nil).

Contingent Liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities (31 December 2016: Nil).

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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 June 2017, 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⁾	Interest in a controlled corporation	409,200,000	
	Interest of concert party	<u>120,000,000</u>	
	Total:	529,200,000	51.60%
Mr. Wu Haiming ⁽¹⁾	Interest of spouse	529,200,000	51.60%
Mr. Cheng Li ⁽²⁾	Interest in a controlled corporation	120,000,000	
	Interest of concert party	<u>409,200,000</u>	
	Total:	529,200,000	51.60%
Mr. Zhang Lake Mozi ⁽³⁾	Interest in a controlled corporation	57,000,000	5.56%

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (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.
- (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.

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 June 2017, 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 June 2017, 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⁾	Beneficial owner	193,200,000	18.84%
Prime Wish ⁽¹⁾	Beneficial owner	216,000,000	21.06%
Victory Glory ⁽²⁾	Beneficial owner	120,000,000	11.70%
Properous Commitment ⁽³⁾	Beneficial owner	51,600,000	5.03%
TMF Trust (HK) Limited ⁽³⁾	Trustee	51,600,000	5.03%
Winner Zone ⁽³⁾⁽⁴⁾	Trustee	104,400,000	10.18%
Ms. Guo Minfang ⁽⁴⁾	Interest of controlled corporation	104,400,000	10.18%
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	10.18%
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	10.18%
Sharp Knight ⁽⁵⁾	Trustee	57,000,000	5.56%
Ms. Wang Rong ⁽⁵⁾	Interest of spouse	57,000,000	5.56%
Beijing Zhongchengma ⁽⁵⁾	Beneficiary of a trust	57,000,000	5.56%

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 directly held by TMF Trust (HK) Limited, a professional trustee engaged by the Company for the operation of the Share Award Plan.
- (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.

* for identification purposes only

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2017, 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 the Group) for their contribution to, and continuing efforts to promote the interests of the 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 the Company's listing. It represents approximately 9.75% 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 six months ended 30 June 2017 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 THE COMPANY'S 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

The Board has adopted a share award plan (the "Plan") on 6 July 2016 so as to recognize and appreciate the contribution of any qualified employees towards the growth and development of the Group. On 8 September 2016, Mr. Hsieh Kun Tse, the non-executive Director of the Company, 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 Trust (HK) Limited 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 best knowledge of the Directors, as at the date of this report, both Properous Commitment and TMF Trust (HK) Limited 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 the Company's 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 disclosed in announcements of the Company on 25 January 2017 and 26 January 2017, the Company has terminated the compliance adviser agreement with China Everbright Capital Limited ("China Everbright Capital") with effect from 31 January 2017 (the "Termination"). Save and except for the compliance adviser agreement entered into between the Company and China Everbright Capital dated 16 February 2015, during 1 January 2017 to 31 January 2017, neither China Everbright Capital nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules on or prior to the Termination.

The Company has appointed Innovax Capital Limited ("Innovax Capital") as the new compliance adviser to the Company as required pursuant to Rule 6A.27 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange with effect from 1 February 2017 until the date, pursuant to Rule 6A.19 of the GEM Listing Rules, on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the Company's financial results for the second full financial year commencing after the date of initial listing of the Company (being the year ending 31 December 2017), or until the compliance adviser agreement entered into between the Company and Innovax Capital is terminated in accordance with its terms, whichever is earlier. Innovax Capital is a licensed corporation to carry out types 1 (dealing in securities) and types 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

During 1 February 2017 to 30 June 2017, save and except for the compliance adviser agreement entered into between the Company and Innovax Capital, neither Innovax Capital nor its directors, employees involved in providing advice to the Company or their close associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

The interim condensed consolidated financial statements for the reporting period were not audited but have also been reviewed by Ernst & Young, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

RISK AND UNCERTAINTIES

The Group believes that there are certain risks and uncertainties involved in the Group's operations, some of which are beyond the Group's control, such as (i) there is no assurance that the Contractual Arrangement with the PRC Contractual Entities will be deemed by the relevant governmental and judicial authorities to be in compliance with existing PRC laws and regulations or that it will be in compliance with future PRC laws and regulations, including but not limited to the new draft of the Foreign Investment Law of PRC; (ii) the Group also relies on the Group's major customers during the Period, the continuous development and introduction of new business may not be successful; and (iii) the Group relies on the provision of marketing and promotional service as a significant part of the Group's future revenue, but the provision of such service is subject to many uncertainties which could cause the Group's revenue to decline. In order to protect the Group's business, the Board members have formulated security measures accordingly. Meanwhile, the Board will examine the integrity and accuracy of the risk evaluation and report whether they are appropriate or not. On the other hand, in order to broaden the Group's earnings, the Group will develop diversified business and expand the business content actively.

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 August 2017

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.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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To the board of directors of China Parenting Network Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of China Parenting Network Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 20 to 38, which comprises the interim condensed consolidated statement of financial position as at 30 June 2017, and the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month then ended, and explanatory notes. The rules governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
11 August 2017

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
REVENUE	5	27,085	22,638	45,848	40,453
Cost of sales		(3,533)	(2,203)	(5,373)	(6,592)
Gross profit		23,552	20,435	40,475	33,861
Other income and gains	5	2,944	3,108	6,099	3,462
Other expenses		(1,810)	–	(1,810)	–
Administrative expenses		(2,918)	(3,288)	(6,430)	(5,270)
Selling and distribution expenses		(2,590)	(2,109)	(5,621)	(3,928)
Research and development costs		(5,164)	(4,271)	(9,420)	(7,821)
Finance costs		(22)	(120)	(44)	(239)
Profit before tax	6	13,992	13,755	23,249	20,065
Income tax expense	7	(1,174)	(776)	(2,376)	(896)
PROFIT FOR THE PERIOD		12,818	12,979	20,873	19,169
Other comprehensive income/(loss)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(4,018)	4,552	(5,399)	3,744
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		8,800	17,531	15,474	22,913
Profit/(loss) for the period attributable to:					
Owners of the parent		10,244	13,757	16,522	20,597
Non-controlling interests		2,574	(778)	4,351	(1,428)
		12,818	12,979	20,873	19,169
Total comprehensive income/(expense) for the period attributable to:					
Owners of the parent		6,226	18,309	11,123	24,341
Non-controlling interests		2,574	(778)	4,351	(1,428)
		8,800	17,531	15,474	22,913
EARNINGS PER SHARE ATTRIBUTABLE TO Ordinary equity holders of the parent					
Basic and diluted					
For profit for the period (expressed in RMB per share)	8	0.0100	0.0134	0.0161	0.0201

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	641	784
Long-term receivables	10	8,829	64,022
Available-for-sale investments	11	375	10,375
Total non-current assets		9,845	75,181
CURRENT ASSETS			
Inventories		130	16
Trade receivables	12	49,110	41,890
Prepayments, deposits and other receivables	13	1,811	23,312
Cash and cash equivalents	14	326,089	230,447
Total current assets		377,140	295,665
CURRENT LIABILITIES			
Trade payables		116	512
Advances from customers		2,745	2,511
Other payables and accruals	15	10,498	11,179
Tax payable		3,310	1,802
Interest-bearing bank borrowings	16	2,000	2,000
Total current liabilities		18,669	18,004
Net current assets		358,471	277,661
Total assets less current liabilities		368,316	352,842
Net assets		368,316	352,842
EQUITY			
Equity attributable to owners of the parent			
Share capital		8,090	8,094
Treasury shares		–	(4)
Reserves		360,732	349,609
Non-controlling interests		(506)	(4,857)
Total equity		368,316	352,842

Cheng Li
Director

Zhang Lake Mozi
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						Retained profits*	Total	Non-controlling interests	Total
	Share capital	Treasury shares	Share premium*	Reserves funds*	Other reserve*	Exchange fluctuation reserve*				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	8,094	(4)	224,688	12,184	16,842	25,664	70,231	357,699	(4,857)	352,842
Profit for the period	-	-	-	-	-	-	16,522	16,522	4,351	20,873
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(5,399)	-	(5,399)	-	(5,399)
Total comprehensive income for the period	-	-	-	-	-	(5,399)	16,522	11,123	4,351	15,474
Appropriation to statutory reserves	-	-	-	1,234	-	-	(1,234)	-	-	-
Cancellation of shares repurchased	(4)	4	-	-	-	-	-	-	-	-
At 30 June 2017 (unaudited)	8,090	-	224,688	13,418	16,842	20,265	85,519	368,822	(506)	368,316
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	-	-	-	-	-	-	20,597	20,597	(1,429)	19,168
Other comprehensive income for the period	-	-	-	-	-	3,744	-	3,744	-	3,744
Exchange differences on translation of foreign operations	-	-	-	-	-	3,744	-	3,744	-	3,744
Total comprehensive income for the period	-	-	-	-	-	3,744	20,597	24,341	(1,429)	22,912
Appropriation to statutory reserves	-	-	-	2,922	-	-	(2,922)	-	-	-
At 30 June 2016 (unaudited)	8,097	-	226,286	9,916	16,842	17,350	48,229	326,720	(3,375)	323,345

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended	
	Notes	30 June 2017 (Unaudited) RMB'000	30 June 2016 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	6	23,249	20,065
Adjustments for:			
Allowance for doubtful accounts	6	10	–
Finance costs		44	239
Bank Interest income	5	(195)	(304)
Other interest income	5	(1,200)	(440)
Depreciation	6	145	280
Other income and gains		–	(238)
Net foreign exchange differences		(365)	–
		21,688	19,602
Decrease in long-term receivables	10	773	–
Decrease/(increase) in inventories		(114)	4
Decrease/(increase) in trade receivables	12	(7,230)	370
Increase in prepayments, deposits and other receivables	13	(499)	(315)
(Decrease)/increase in trade payables		(396)	360
Increase in advances from customers		234	2,163
Decrease in other payables and accruals	15	(681)	(5,543)
Cash generated from operations		13,775	16,641
Income tax paid	7	(868)	(264)
Net cash flows from operating activities		12,907	16,377
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,395	440
Purchases of items of property, plant and equipment	9	(2)	(175)
Disposal of available-for-sale investment/(purchases of available-for-sale investment)		10,000	(375)
Disposal of available-for-sale investment/(purchases of short term investment)		22,000	(25,000)
Receipt of sale and finance leaseback		–	12,560
Repayment of loan to others/(Loan to others)		54,420	(63,294)
Net cash from/(used) in investing activities		87,813	(75,844)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the six months ended	
		30 June 2017 (Unaudited) RMB'000	30 June 2016 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for listing expenses		–	(1,205)
Interest paid		(44)	(239)
Net cash used in financing activities		(44)	(1,444)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		100,676	(60,911)
Cash and cash equivalents at beginning of the period		230,447	247,795
Effect of foreign exchange rate changes, net		(5,034)	3,738
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		326,089	190,622

NOTES TO INTERIM 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”). Ms. Li Juan, Mr. Cheng Li, Mr. Wu Haiming, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited are the Company’s Controlling Shareholders.

The principal activity of the Company is investment holding. The Group is an online platform focusing on the Children-Babies-Maternity market in China and are mainly engaged in provision of marketing and promotional service and e-commerce business. There has been no significant change in the Group’s principal activities during the period.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with the International Accounting Standards (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with those of the annual report for the year ended 31 December 2016.

The unaudited consolidated results for the six months ended 30 June 2017 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group’s annual consolidated financial report for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017 as noted below.

Amendments to IAS 7	<i>Disclosure Initiative</i>
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrecognised Losses</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to a number of IFRSs

The adoption of new or revised standards, interpretation and amendments has had no material financial effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of marketing and promotional services through the Group's platform and e-commerce business.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the period, the Group operated within one geographical segment because nearly all of its revenue was generated in the Mainland China and all of its long-term assets/capital expenditure were located/incurred in the Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

For the six months ended 30 June 2017, revenue of approximately RMB21,644,000 (six months ended 30 June 2016: RMB14,043,000) was derived from sales of marketing and promotional service to top three customers. Details are disclosed as follows:

	For the six months ended	
	30 June 2017 (Unaudited) RMB'000	30 June 2016 (Unaudited) RMB'000
Customer A	10,117	7,592
Customer B	6,957	3,552
Customer C	4,570	2,899
	21,644	14,043

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. 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 June		For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue				
Marketing and promotional service	26,859	22,458	45,443	37,834
E-commerce	226	171	405	251
Sale of goods	–	9	–	2,368
	27,085	22,638	45,848	40,453
Other income				
Government grants*	2,670	2,281	4,386	2,451
Bank interest income	72	231	195	304
Other interest income	–	220	1,200	440
Exchange gain/(loss)	202	369	318	(34)
Other income	–	7	–	301
	2,944	3,108	6,099	3,462

* Government grants were received from the government of the Mainland China mainly for refunding previously paid value added tax or as listing incentives. There are no unfulfilled or contingencies relating to the grants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	For the six months ended	
		30 June 2017 (Unaudited) RMB'000	30 June 2016 (Unaudited) RMB'000
Cost of inventories sold		33	2,350
Cost of services provided		1,903	2,869
Depreciation		145	280
Research and development costs		9,420	7,821
Allowance for doubtful accounts		10	–
Minimum lease payments under operating leases		1,310	1,212
Employee benefit expense (excluding directors' and chief executive's remuneration):		–	–
Wages and salaries		11,587	8,583
Pension scheme contributions (defined contribution scheme)		623	468
Other income	5	6,099	3,462

7. 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.

Under the relevant income tax law, the Mainland China 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") and Nanjing Xile Information Technology Company Limited ("Nanjing Xile") have been recognized as software enterprises on 27 May 2016 and filed in local tax bureau. Therefore, Nanjing Xibai 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. Nanjing Xile would be exempted from income tax for its first two profitable years (i.e. 2017 and 2018) followed by a preferential income tax rate of 12.5% from 2019 to 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE (CONTINUED)

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

	For the three months ended 30 June		For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Group:				
Current — Mainland China	1,174	776	2,376	896
Total tax charge for the period	1,174	776	2,376	896

8. 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 of 1,025,662,000 (2016: 1,026,500,000) in issue during the three months and six months ended 30 June 2017 and 2016. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

There were no potentially dilutive ordinary shares in issue during the three months and six months ended 30 June 2017 and 2016, 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 June		For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit attributable to ordinary equity holders of the parent (RMB'000)	10,244	13,757	16,522	20,597
Weighted average number of ordinary shares in issue	1,025,662,000	1,026,500,000	1,025,662,000	1,026,500,000
Basic and diluted earnings per share (expressed in RMB per share)	0.0100	0.0134	0.0161	0.0201

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired assets with a cost of RMB2,000 (six months ended 30 June 2016: RMB175,000) on additions to property, plant and equipment.

No assets were disposed of by the Group during the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

10. LONG-TERM RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Loans to employees*	8,050	8,800
Rental deposit	779	801
Contract deposit	–	750
Loan to others	–	53,671
Total	8,829	64,022

* In September 2016, the Group began to offer certain employees interest-free loans which amounted to no more than RMB15.0 million in aggregate. The employees, including key management personnel, who have served the Group for more than three years can apply for interest-free loans to purchase home properties. The balance, including interest-free loans to key management personnel of RMB2,050,000, represents the interest-free loans to employees which will be repaid within five years.

11. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Non-current Unlisted investments, at cost	375	10,375

As at 30 June 2017, the unlisted equity investments were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably.

An investment in Shanghai Baiyi Animation Cultural Broadcasting Company Limited of RMB10,000,000 was transferred to an unrelated party subsequently in January 2017 with no gain or loss recognised.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Trade receivables	49,110	41,890
Impairment	–	–
	49,110	41,890

The Group's trading terms with its customers are mainly on credit. The credit period is generally 60–90 days after completion of the service contract. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to customers with a good track record, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 June 2017 and 31 December 2016, based on the date of the service rendered and net of provision, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within 3 months	25,228	20,904
4–6 months	12,481	10,797
7 months–1 year	9,451	9,439
1–2 years	1,950	750
	49,110	41,890

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Rental deposits	9	10
Prepaid expense	251	42
Other receivable*	307	22,164
Prepayment	616	16
Employee advance	628	1,080
	1,811	23,312

* The balance of other receivables as at 31 December 2016 mainly represented the purchase of a financial product and a contract deposit paid to an unrelated party of RMB12,000,000 and RMB10,000,000 respectively, which have both been subsequently collected in January 2017.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. CASH AND CASH EQUIVALENTS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Cash and bank balances	326,089	230,447

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB145,302,000 (31 December 2016: RMB94,451,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. OTHER PAYABLES AND ACCRUALS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Accruals	1,762	1,506
Other payables	1,255	1,152
Other tax payables	3,074	3,453
Employee related payable	4,407	5,068
	10,498	11,179

Other payables are non-interest-bearing and repayable on demand.

16. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans-unsecured	4.35%	2017	2,000
			30 June 2017 (Unaudited) RMB'000
			31 December 2016 (Audited) RMB'000
Analysed into:			
Bank loans:			
Within one year or on demand			2,000
			2,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets, held by the Group as at 30 June 2017 and 31 December 2016:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Loans and receivables		
Long-term receivables	8,050	63,221
Trade receivables	49,110	41,890
Financial assets included in prepayments, deposits and other receivables	935	23,244
Cash and cash equivalents	326,089	230,447
Available-for-sale investments	375	10,375
Total	384,559	369,177
Total Current	376,134	295,581
Total non-current	8,425	73,596

Set out below is an overview of financial liabilities held by the Group as at 30 June 2017 and 31 December 2016:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Financial liabilities at amortized cost		
Interest-bearing bank borrowings	2,000	2,000
Financial liabilities included in other payables and accruals	1,255	1,152
Trade payables	116	512
Total current	3,371	3,664

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Fair values

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Financial assets				
Long-term receivable	8,050	63,221	6,789	61,744
Total	8,050	63,221	6,789	61,744

	Carrying amounts		Fair values	
	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	2,000	2,000	2,000	2,000
Total	2,000	2,000	2,000	2,000

Management has assessed that the fair values of cash and cash equivalents, trade receivables, deposits and other receivables, trade payables and other payables, based on their notional amounts, reasonably approximate to their carrying amounts largely due to the short term maturities of these instruments.

The available-for-sale investments are unlisted equity investments stated at cost less impairment and their fair value cannot be measured reliably as described in note 11.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the long term receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Fair values (CONTINUED)

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2017 was assessed to be insignificant.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities for which fair values are disclosed:

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 30 June 2017:				
Financial assets measured at fair value:				
Long-term receivables	–	–	6,789	6,789
Financial liabilities measured at fair value:				
Interest-bearing bank and other borrowings	–	2,000	–	2,000
As at 31 December 2016:				
Financial assets measured at fair value:				
Long-term receivables	–	–	61,744	61,744
Financial liabilities measured at fair value:				
Interest-bearing bank and other borrowings	–	2,000	–	2,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

As at 30 June 2017, neither the Group nor the Company had any significant contingent liabilities.

19. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 30 June 2017 and 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within one year	2,232	1,889
In the second to fifth years, inclusive	354	1,085
Total	2,586	2,974

20. RELATED PARTY TRANSACTIONS

(a) Material transactions with key management personnel:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
For the period/year		
Maximum aggregate amount of loans	2,950	2,950
At the period/year-end		
Loans to key management personnel	2,050	2,950

The loans granted to key management personnel who are not directors of the company are interest-free housing loans and have fixed terms of repayment of five years, which are included in loans to employees in Note 10.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June 2017 (Unaudited) RMB'000	30 June 2016 (Unaudited) RMB'000
Short term employee benefits	1,825	1,656
Pension scheme contributions	148	139
Total	1,973	1,795

21. SUBSEQUENT EVENTS

There was no material subsequent event during the period from 30 June 2017 to the approval date of these interim condensed consolidated financial statements.

22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved and authorised for issue by the board of directors on 11 August 2017.

By order of the Board
China Parenting Network Holdings Limited
LI Juan
Chairperson

Nanjing, the People's Republic of China, 11 August 2017

As at the date of this announcement, the executive Directors are Mr. CHENG Li, Mr. HU Qingyang, and Mr. ZHANG Lake Mozi; the non-executive Directors are Ms. LI Juan, Mr. WU Haiming and Mr. HSIEH Kun Tse; and the independent non-executive Directors are Mr. WU Chak Man, Mr. ZHAO Zhen and Mr. GE Ning.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at 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>.