

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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)

**(I) DISCLOSEABLE TRANSACTION IN RELATION TO
THE SUBSCRIPTION OF 18% OF
THE ENLARGED ISSUED SHARE CAPITAL OF
TARGET COMPANY
AND
(II) CHANGE OF USE OF PROCEEDS**

THE SUBSCRIPTION

The Board announces that on 3 July 2018 (after trading hours), Star Universal, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the Target Company and the Original Shareholder pursuant to which the Target Company has agreed to issue, and Star Universal has agreed to subscribe, the New Shares, representing 18% of the enlarged issued share capital of the Target Company, at a total consideration of HK\$50,000,000.

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) for the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 19 of the GEM Listing Rules.

CHANGE OF USE OF PROCEEDS

Taking into account the Subscription as well as further capital needed for potential acquisition of or investment in companies engaging in CBM and family related business chains and related technology research and development, the Directors decided to adjust the allocation of the Net Proceeds by reallocating (i) HK\$44.8 million originally allocated for strengthening research and development capabilities; and (ii) HK\$49.6 million originally allocated for enhancing user base and Internet traffic of the Group's platform to acquisition of or investment in companies engaging in CBM and family related business chains and related technology research and development.

THE SUBSCRIPTION

The Board announces that on 3 July 2018, Star Universal, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the Target Company and the Original Shareholder pursuant to which the Target Company has agreed to issue, and Star Universal has agreed to subscribe, the New Shares, representing 18% of the enlarged issued share capital of the Target Company, at a total consideration of HK\$50,000,000.

THE SUBSCRIPTION AGREEMENT

Date

3 July 2018

Parties

- (1) The Target Company
- (2) The Subscriber
- (3) The Original Shareholder

The Original Shareholder is the sole shareholder of the Target Company. To the best of the directors' knowledge, information and believe having made all reasonable enquiry, the Target Company, the Original Shareholder and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

New Shares

Subject to the terms and conditions of the Subscription Agreement, the New Shares will represent approximately 18% of the issued share capital of the Target Company as enlarged by the New Shares.

The New Shares shall be issued and allotted by the Target Company to Star Universal free from all claims, charges, liens and other encumbrances whatsoever and the New Shares, shall be freely transferable and rank pari passu in all respects with and carry all rights same as existing shares of the Target Company.

Subscription Price

The total consideration for the Subscription of the New Shares is HK\$50,000,000 at the Subscription Price of HK\$5,555.56 per New Share, and is payable in cash at Completion.

Unless with the prior written consent of the Company, the Target Company shall use the proceeds from the Subscription for the purpose of blockchain business only.

The Subscription Price was determined after arm's length negotiations between Star Universal and the Target Company, taking into consideration of (i) future growth and development potential of the Target Company; and (ii) the expected synergy for the existing business of the Group. The payment for the consideration for the Subscription will be funded by the net proceeds from the Placing.

Conditions

Completion is subject to the satisfaction or waiver (where applicable) of the following Conditions:

- (a) Star Universal having performed and completed to its satisfaction due diligence review of the Target Company's blockchain business development and future plans and there are no material adverse changes thereto;
- (b) the representations and warranties of the Target Company in the Subscription Agreement remaining true and accurate; and
- (c) the obtaining by the parties to the Subscription Agreement of all necessary consents, authorization or other approvals in connection with the issue of the New Shares prior to or on Completion.

Completion

Completion will take place on the Completion Date.

Buy-back of the New Shares

If the Target Company fails to complete the research and development of the relevant technologies and commencement of the blockchain business as required by the Subscriber within three years from the date of the Subscription Agreement, Star Universal shall be entitled to request the Target Company to buy back the New Shares at the total consideration of HK\$50,000,000 together with an investment return calculated based on 6% annual compound interest rate.

Business Target

If the overall valuation of the blockchain business of the Target Company and its associated companies fail to reach HK\$400 million (as per the latest valuation by a financial or investment institution or as per its fair value valuation) within three years from the date of the Subscription Agreement. The Original Shareholder shall, by way of share transfer at nil consideration, procure the shareholding of Star Universal in the Target Company to increase to 36% of the total issued share capital of Target Company at the relevant time.

INFORMATION OF THE GROUP

The Group is an online platform focusing on the CBM (children, babies, and maternity) market in China and is mainly engaged in (i) provision of marketing and promotional service; (ii) e-commerce business; and (iii) licensing of smart-hardware devices through its large and engaged user base of CBM consumers.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the BVI and will be principally engaged in the research and development of technology and operations by combining blockchain technology with the entity economy.

The Target Company is a newly incorporated company and therefore it has no turnover or profits for the two years ended 31 December 2016 and 2017.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors believe that the Group can obtain blockchain technology reserves and optimize industrial layout in respect of CBM and family related business chains, expand the services of the Group, and maintain the Group's leading position and resilience in the future development through the Subscription.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) for the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 19 of the GEM Listing Rules.

CHANGE OF USE OF PROCEEDS

The Company's net proceeds from the Placing amounted to approximately HK\$276.4 million after taking into account the partial exercise of the Over-allotment Option (the "**Net Proceeds**").

Reference is made to the announcement of the Company dated 2 May 2018 (the "**Announcement**"), in which the latest update in respect of the proposed use of Net Proceeds was disclosed.

As mentioned in the Announcement, the Directors consider that there have been rapid changes in the Internet industry and the competition in the e-commerce market and related O2O business is intense. Taking into account the Subscription as well as further capital needed for potential acquisition of or investment in companies engaging in CBM and family related business chains and related technology research and development, the Directors decided to adjust the allocation of the Net Proceeds by reallocating (i) HK\$44.8 million originally allocated for strengthening research and development capabilities; and (ii) HK\$49.6 million originally allocated for enhancing user base and Internet traffic of the Group's platform to acquisition of or investment in companies engaging in CBM and family related business chains and related technology research and development.

Details of the comparison of the allocation of the New Proceeds as stated in the Announcement and the revised allocation of the New Proceeds are set out as follows:

Use of Net Proceeds	Allocation as set out in Announcement (HK\$ million)	Revised allocation (HK\$ million)
Strengthening research and development capabilities	44.8	—
Enhancing user base and Internet traffic of the Group's Platform	49.6	—
Developing the Group's e-commerce business and related O2O business	—	—
Acquisition of or investment in other companies engaging in O2O and CBM related businesses	—	—
Enhancing marketing and promotional services	24.9	24.9
Working capital and other general corporate purposes	24.9	24.9
Acquisition of property or land for the construction of the Group's headquarters	60.0	60.0
Acquisition of or investment in companies engaging in CBM and family related business chains and related technology research and development	<u>72.2</u>	<u>166.6</u>
Total	<u><u>276.4</u></u>	<u><u>276.4</u></u>

The Directors consider that (i) where necessary, the internal resources of the Group are sufficient to support the originally proposed uses of strengthening research and development capabilities and enhancing user base and Internet traffic of the Group's platform; and (ii) enhancement of research and development capabilities can be achieved to a certain extent through acquisition of or investment in CBM and family related business chains which possess relevant technologies. The Directors consider that the above change of use of the Net Proceeds is in line with the Group's continuous focus on the mother-child and parenting family business and is beneficial to the Company and in the interests of the Company and its shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China Parenting Network Holdings Limited (中國育兒網絡控股有限公司), a company incorporated in the Cayman Islands, the issued shares of which are listed on GEM (Stock code: 8361)

“Completion”	the completion of the Subscription pursuant to the Subscription Agreement
“Completion Date”	the date within 10 Business Days following the satisfaction or waiver (where applicable) of the last Condition (or such later date as the Company and the Target Company may agree)
“Conditions”	the conditions precedent to the Subscription Agreement
“Directors”	the directors of the Company
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM, as amended from time to time
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“New Shares”	9,000 fully paid ordinary shares in the share capital of the Target Company
“Original Shareholder”	the sole shareholder of the Target Company immediately before completion of the Subscription
“Placing”	the placing of 250,000,000 shares by the underwriters as further described in the Prospectus
“Prospectus”	the prospectus of the Company dated 30 June 2015
“PRC”	the People’s Republic of China, for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Star Universal”	Star Universal Holdings Limited (星際集團有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the New Shares by the Company pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 3 July 2018 entered into between the Company, the Target Company and the Original Shareholder in relation to the Subscription

“Subscription Price”	HK\$5,555.56 per New Share
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Target Company”	CLOUD TECH LIMITED, a company incorporated in the BVI with limited liability

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

Nanjing, the PRC, 3 July 2018

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 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading. This announcement will remain on the “Latest Company Announcements” page of the website of the Stock Exchange 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>.