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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: 1736)**

### **PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value of HK\$0.05. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders by way of ordinary resolution at the AGM.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 2,000 Existing Shares. Subject to the Share Consolidation becoming effective, the Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 Consolidated Shares.

#### **GENERAL**

The AGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, details of the Share Consolidation and a notice convening the AGM is expected to be despatched to the Shareholders on or before Tuesday, 16 May 2023.

**Shareholders and potential investors of the Company should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt about their position, they should consult their professional advisers.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.05.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions being fulfilled:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the AGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on Monday, 19 June 2023 subject to the fulfillment of the above conditions.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 1,025,662,000 Shares have been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Consolidated Shares will be allotted and issued or repurchased or surrendered prior thereto, the authorised share capital of the Company will remain at HK\$100,000,000 but will be divided into 2,000,000,000 Consolidated Shares of par value of HK\$0.05 each, of which 205,132,400 Consolidated Shares will be in issue as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

To strengthening the financial position of the Group, the Company intends to carry out future corporate actions, including a proposed extension of the maturity date for the Convertible Notes and other equity fund-raising exercise such as issuance of new shares by way of placing or subscription. The Company has considered the potential effect on the trading price of the Shares of such corporate actions when determining the Share Consolidation ratio and the Change in Board Lot Size. As at the date of this announcement, save for the aforementioned, the Company has no other plan to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size. Nevertheless, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules if and when appropriate.

### **Listing application**

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares in issue upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to (i) the exercise of the options which may be granted under the Share Option Scheme and (ii) conversion of the outstanding Convertible Notes.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation becoming effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchanges other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Fractional entitlement to the Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

## **Odd lot arrangements**

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, for the sale and purchase of odd lots of the Consolidated Shares arising from the Share Consolidation. Details of such arrangement will be set out in the circular in relation to, among other things, the Share Consolidation to be despatched to the Shareholders as soon as practicable.

Shareholders holding odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers. Details of the matching service will be set out in the circular to be despatched to the Shareholders.

## **Exchange of share certificates**

Should the Share Consolidation become effective, Shareholders may, during the period from Monday, 19 June 2023 to Wednesday, 26 July 2023 (both days inclusive), submit existing share certificates in yellow colour for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for exchange, at the expense of the Company, for new share certificates in green colour for Consolidated Shares.

It is expected that the new share certificates for the Consolidated Shares will be available for collection within 10 Business Days after the submission of the existing share certificates to the branch share registrar and transfer office of the Company for exchange.

Thereafter, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each share certificate for the Consolidated Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever the number of share certificates involved is higher.

Subject to and upon the Share Consolidation becoming effective, after close of business on Monday, 24 July 2023, trading will only be in Consolidated Shares which share certificates will be issued in green colour. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will continue to be good evidence of legal title and may be exchanged for share certificates for the Consolidated Shares at any time at the expense of the Shareholders.

## **Adjustments in relation to other securities of the Company**

Under the relevant terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the number of shares falling to be issued, the method of exercise of the share options and the exercise price upon exercise of the Share Options pursuant to the terms thereof. Since the adoption date of the Share Option Scheme and up to the date of this announcement, no Share Option has been granted by the Company under the Share Option Scheme.

As at the date of this announcement, there are outstanding Convertible Notes in the principal amount of HK\$14,500,000 which carry rights to convert into approximately 152,631,579 conversion Shares in full based on the existing conversion price of HK\$0.095 per conversion Share. The Share Consolidation may lead to adjustments to the conversion price and/or the number of Shares falling to be issued upon conversion of the outstanding Convertible Notes pursuant to the terms and conditions of the Convertible Notes.

The Company will make further announcement(s) on the grant of the Share Options or such adjustment(s) to the Share Options and the Convertible Notes as and when appropriate pursuant to the Listing Rules.

Save as disclosed above, as at the date of this announcement, the Company has no outstanding options, derivatives, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.05 per Existing Share (equivalent to the theoretical closing price of HK\$0.25 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$100; (ii) the value of each board lot of 400 Consolidated Shares would be HK\$100 on the assumption that the Share Consolidation becomes effective; and (iii) the value of each board lot of 10,000 Consolidated Shares would be HK\$2,500 on the assumption that the Change in Board Lot Size has also become effective.

The Change in Board Lot Size will not result in any change in relative rights of the Shareholders.

### **REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE**

According to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The Guide on Trading Arrangements has further stated that market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide on Trading Arrangements that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

Based on the closing price of HK\$0.05 per Existing Share, which is less than HK\$0.10, and board lot size of 2,000 Existing Shares as at the date of this announcement, the existing board lot value is HK\$100, which is lower than HK\$2,000. The Board considers that after the Share Consolidation (resulting in a theoretical price of HK\$0.25 per Consolidated Share) and the change in board lot size to 10,000 Consolidated Shares became effective, the estimated board lot value will be HK\$2,500.

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Share, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company.

The proposed Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. The Company believes that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors, and thus further broaden the shareholder base of the Company.

In view of the above reasons, the Company considers the Share Consolidation and Change in Board Lot Size are justifiable. Accordingly, Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole, notwithstanding the potential costs and the impact arising from the creation of odd lots to the Shareholders.

## **EXPECTED TIMETABLE**

**The expected timetable of the proposed Share Consolidation and Change in Board Lot Size is as follows:**

| <b>Events</b>  | <b>Time and Date</b>  |
|--|---|
| Expected date of despatch of the circular with notice and proxy form of the AGM .....                            | Tuesday, 16 May 2023  |
| Latest date and time for lodging transfer documents in order to qualify for attending and voting at the AGM..... | 4:30 p.m. on<br>Wednesday, 7 June 2023                                      |
| Closure of register of members for the entitlement to attend and vote at the AGM .....                           | Thursday, 8 June 2023 to<br>Thursday, 15 June 2023<br>(both days inclusive) |
| Latest date and time for lodging forms of proxy for the AGM.....   | 12:30 p.m. on<br>Tuesday, 13 June 2023                                      |
| Date and time of the AGM .....   | 12:30 p.m. on<br>Thursday, 15 June 2023                                     |
| Announcement of voting results of the AGM .....  | Thursday, 15 June 2023  |

**The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation as set out in this announcement:**

| <b>Events</b>   | <b>Time and Date</b>                 |
|---|--------------------------------------|
| Expected effective date of the Share Consolidation .....  | Monday, 19 June 2023                 |
| First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares .....   | Monday, 19 June 2023                 |
| Commencement of dealings in Consolidated Shares.....  | 9:00 a.m. on Monday, 19 June 2023    |
| Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates in yellow colour) temporarily closes ..... | 9:00 a.m. on Monday, 19 June 2023    |
| Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates in yellow colour) opens .....       | 9:00 a.m. on Monday, 19 June 2023    |
| Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates in green colour) re-opens.....         | 9:00 a.m. on Tuesday, 4 July 2023    |
| Parallel trading in the Consolidated Shares (in the form of new share certificates in green colour and existing share certificates in yellow colour) commences .....              | 9:00 a.m. on Tuesday, 4 July 2023    |
| Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares .....  | 9:00 a.m. on Tuesday, 4 July 2023    |
| Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares .....  | 4:00 p.m. on Monday, 24 July 2023    |
| Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates in yellow colour) closes.....       | 4:10 p.m. on Monday, 24 July 2023    |
| Parallel trading in the Consolidated Shares (in the form of new share certificates in green colour and existing share certificates in yellow colour) ends .....                   | 4:10 p.m. on Monday, 24 July 2023    |
| Last day for free exchange of existing share certificates for new share certificates.....   | 4:30 p.m. on Wednesday, 26 July 2023 |

All times and dates specified in the timetable above refer to Hong Kong times and dates.

**The timetable is indicative only and may be extended or varied. Any change to the expected timetable above will be announced by the Company as and when appropriate.**

## **GENERAL**

A circular containing, among other things, details of the Share Consolidation and a notice convening the AGM is expected to be despatched to the Shareholders on or before Tuesday, 16 May 2023.

**Shareholders and potential investors of the Company should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt about their position, they should consult their professional advisers.**

## **DEFINITIONS**

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

|                                |   |
|--------------------------------|---|
| “AGM”                          | the annual general meeting of the Company to be held on Thursday, 15 June 2023, and any adjournment thereof   |
| “Board”                        | the board of Directors  |
| “Business Day”                 | a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong in force in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “CCASS”                        | the Central Clearing and Settlement System operated by the HKSCC  |
| “CCASS Operational Procedures” | the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time  |
| “Change in Board Lot Size”     | the change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 Consolidated Shares   |



|                                 |   |
|---------------------------------|---|
| “Company”                       | China Parenting Network Holdings Limited 中國育兒網絡控股有限公司, an exempted company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1736)                     |
| “Consolidated Share(s)”         | ordinary share(s) of HK\$0.05 each in the share capital of the Company upon the Share Consolidation becoming effective  |
| “Convertible Notes”             | the outstanding convertible notes due on 30 April 2023 in the principal amount of HK\$14,500,000 which could be converted into a total of 152,631,579 Existing Shares at the conversion price of HK\$0.095 per conversion Share |
| “Director(s)”                   | the director(s) of the Company  |
| “Existing Share(s)”             | ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective  |
| “General Rules of CCASS”        | the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures  |
| “Group”                         | the Company and its subsidiaries  |
| “Guide on Trading Arrangements” | The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020  |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong from time to time   |
| “HKSCC”                         | Hong Kong Securities Clearing Company Limited   |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Share(s)”                      | the Existing Share(s) and/or the Consolidated Share(s), as the case may be  |
| “Share Consolidation”           | the proposed consolidation of every five (5) issued and unissued Existing Shares into one (1) Consolidated Share  |

|                       |  |
|-----------------------|--|
| “Share Option(s)”     | the option(s) to subscribe for new shares of the Company granted under the Share Option Scheme |
| “Share Option Scheme” | the share option scheme adopted by the Company on 19 June 2015                                 |
| “Shareholder(s)”      | the holder(s) of the Share(s)  |
| “Stock Exchange”      | The Stock Exchange of Hong Kong Limited  |

By Order of the Board  
**China Parenting Network Holdings Limited**  
**Zhang Lake Mozi**  
*Chairperson*

Hong Kong, 29 March 2023

*As at the date of this announcement, the executive Directors are Mr. Zhang Lake Mozi and Mr. Cheng Li; the non-executive Directors are Ms. Li Juan, Mr. Wu Haiming and Mr. Zhang Haihua; and the independent non-executive Directors are Mr. Wu Chak Man, Mr. Zhao Zhen and Mr. Ge Ning.*