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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of China Parenting Network Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**" or "**we**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2022 (the "**Year**" or "**Reporting Period**").

SUMMARY

— In 2022, the total MAU and DAU of the company's mobile APPs (total number from two main APPs: Pregnancy Tracker and Mama BBS) were 16.99 million and 3.79 million, respectively, an increase of 6.19% and 5.87% from the previous year.

— Focusing on the strategy of "net residence traffic, net residence new customers, net residence members, net residence growth" and relying on the tripartite advantages of "full network traffic access, scientific content service and digital technology operation" , CI Web will continue to build a more professional and open one-stop mother-child service platform and build a family ecological service network.

— CI Web has invested in emerging technology areas to gain synergistic technology reserves, pioneering the use of artificial intelligence technology and cloud-native technology to improve platform operational efficiency and user experience, while empowering customers to provide digital solutions. CI Web also has premiered the mother and baby digital collection "Lingmiao Yushou", and recently has launched GPT-3 based AI pregnancy and parenting service: Smart Parenting Little Assistant.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is a leading mother-child platform in China, providing users with content, community, new media, e-commerce, smart hardware and other related services through a portfolio of websites and APPs including CI Web, Mama BBS APP, Pregnancy Tracker APP, new media matrix and mother-child online communities, covering areas including new retail, health, education, home entertainment and family travel, etc, committed to providing personalized smart home solutions for young Chinese families. CI Web advocates a confident, free and natural attitude toward life, leads an advanced, practical and scientific parenting method, and accompanies parents and children to grow together.

INDUSTRY REVIEW

Policy reignites maternal and infant industry, strong consumer momentum for market rebound

Since the implementation of the three-child policy, many provinces and cities have intensively introduced supporting welfare policies on childbirth in 2022. Multi-directional policies promote the development of the maternal and infant big consumption industry at the same time . The continuous concrete implementation of the policy has, on the one hand, contributed to increasing people's willingness to have children, reducing the burden on families and increasing the number of newborn babies; on the other hand, it has also given the market more confidence in the development of the maternal and infant industry, which still has huge potential for future development in China. Consumption scale growth rate declined due to the impact of the pandemic , but as the situation of the COVID-19 pandemic gradually stabilised, the consumer market gradually rebounded. The market of mother-child is driven by the new mother-child population, new parenting philosophy and new consumption patterns, with strong consumption momentum.

New parents urgently need to reduce their burden, one-stop-shop mother-child platforms are favoured

The post-90s and post-95s have become the main force of the mother-child group, closely followed by the post-00s. With emphasis on standard of living and quality of parenting, they are eagerly pursuing scientific parenting, which puts forward higher requirements for the safety and quality of maternal and child products and services. The new generation is living in a fast-paced environment, where it is difficult to distinguish between genuine and fake products. They are faced with the difficulties of comparing products that are difficult to distinguish from the real ones, and they spending a lot of time digging for knowledge on parenting in the vast amount of online information and expert guidance of varying quality. High economic and high time costs are the two major pain points of the new generation of the mother-child group, and there is an urgent need for "double reduction" to reduce the burden. According to the "Research Report on the New Pregnancy Trend of Maternal and Infant Consumption" jointly released by CI Web and Youku Parent-Child, 93% of pregnant mothers are willing to take the initiative to spend time learning scientific gestation knowledge every day, and the mother-child platform is the "base" for pregnant mothers to enrich themselves. Young families are willing to pay for a fast-paced and high-quality life, and they have a higher demand for the mother-child platforms that can provide one-stop services in multiple scenarios, such as knowledge, shopping and social interaction.

Channel Integration Shortens Consumption Path, social Sharing Attributes Strengthen Marketing Transformation

Affected by the COVID-19 epidemic, the sales share of online channels continues to increase. In addition to convenience and rich selection of products, it also has social sharing attributes, which is beneficial to accelerate marketing transformation and make rapid feedback on product iteration. The mother-child consumer market is gradually diversifying its purchasing channels, and brands are focusing more on omni-channel layout, shortening the consumption path through channel integration and reaching consumers with comprehensive precision. With the diversified needs of mother-child consumers, brands are paying more attention to marketing based on demographic segmentation, analyzing and enhancing the life cycle value of users through the operation of private domains with social attributes, forming a virtuous cycle of brand effect, attracting more consumers to purchase and strengthening brand loyalty.

Digital technology drives the optimization and upgrading of the industry chain, intelligent services are gradually being applied on the ground

In recent years, the scale of the digital economy has continued to grow, the digitalisation process at all ends of the industry chain has accelerated, reconfiguring product and service processes and emerging technologies have become the new engine of growth for the mother-child market. Innovative technologies such as artificial intelligence, cloud native, cross-platform interconnection, and Metaverse continued to support the digital transformation of various industries. In the post epidemic era, users' reliance on mobile applications has increased, and contactless and remote service applications have been favored. Under the development of innovative technologies, multi-device full-scene wisdom interconnection continues to deepen, virtual and real scenes deep integration, application service boundaries to expand again. The Z generation promotes the rise of a new era of consumption, and the mother-child market tends to create young, personalized, professional, convenient and high-tech products and services to capture the Z generation's consumption preferences and gain more consumer traffic and business opportunities. Pioneering companies are exploring the application of intelligent interactive technologies to create superior user experiences.

BUSINESS REVIEW

Focusing on the strategy of "net residence traffic, net residence new customers, net residence members, net residence growth" and relying on the tripartite advantages of "full network traffic access, scientific content service and digital technology operation" CI Web will continue to build a more professional and open one-stop mother-child service platform and build a family ecological service network.

CI Web takes the trinity of "App + Applet + Community" as the core matrix, combines MCN matrix and online and offline (O2O) parent-child service matrix. The vertical service meets the parenting needs of pregnant and infant children in all stages of child-rearing, and the horizontal service meets the needs of women and families in the fields of health, travel, education, entertainment and shopping. The company has been able to capture the flow of pregnant and infant children in all scenarios and "net" traffic growth.

By refining the operation of new users, providing value-added membership services and tapping into high-value users, we are able to "net" sales growth. By building a deep communication chain with mother-child users and innovating integrated marketing channels to connect the user side with the brand side, we can achieve word-of-mouth sales revenue.

In 2022, the total MAU and DAU of the company's mobile APPs (total number from two main APPs: "Pregnancy Reminder" (孕育提醒) and "Mother Zone" (媽媽社區)) were 16.99 million and 3.79 million, respectively, an increase of 6.19% and 5.87% from the previous year.

Upgrading the "Easy Parenting" product matrix and providing value-added services to users with the membership of Easy Parenting

During the Reporting Period, CI Web launched the concept of "Easy Parenting", upgraded the product matrix of "Easy Parenting", integrated the paid services and commodity resources of CI Web, and provided users with value-added services for large members of "Easy Parenting", helping users effectively reduce time and financial costs, making it easier for new-generation mother and child families to raise children. CI Web takes the massive data accumulated by users, and selects the top five demand scenarios among them, "Easy Parenting Daily", which provides users with customized ten-minute daily exquisite parenting content, effectively reducing the screening time. The "Easy Parenting Community" provides users with a network of high-quality mother and child experts and a creator program that brings together quality mother and child content producers from all over the Internet for efficient interaction with users, so that pregnancy and parenting are not alone. "Easy Education Encyclopedia", a systematic and convenient tool, efficient matching and timely solving of doubts, optimizing the content system, introducing artificial intelligence and big data capabilities, upgrading the underlying search engine, allowing users to encounter pregnancy and childbirth problems, and the tools can be searched. "Easy Parenting Consultation" is an emergency consultation for mild cases, doctors and experts provide online services at any time. In the current epidemic prevention and control, the cost of hospital visits is high, and the dense crowds in the hospital will also increase the risk of cross-infection. For some mild or excessive anxiety problems, hundreds of top three doctors can provide users with remote access through this application. Consultation service, which acts as a 24-hour family doctor. "Easy Parenting Selection", a one-stop shop for mother and child bargains and value-added services such as expert courses and early childhood education courses at the lowest cost, selecting good things for mother and child, selecting high-quality suppliers, and providing users with high-quality, cost-effective authentic products and good products allow the new generation of parents to make the most correct choice in the shortest time, reducing the user's shopping decision cost and shopping consumption cost.

Authoritative organizations cooperate to build scientific content field, incubate diversified contents in multiple-circle and multiple-way

In response to the growing demand for high-quality content from new generation users, CI Web has integrated its original MCN matrix into “Parenting Media”, which has professional production capabilities, multiple forms of distribution and diffusion influence. At the same time, we promote three major content upgrades. First, scientific content upgrade. CI Web has cooperated with industry authorities on a national project and strategically co-sponsored the documentary “Chinese Doctors”, which is a special documentary on the Party building of Chinese doctors organized and produced by the Population Culture Development Center of the National Health Care Commission. Recommending good hospitals and good doctors through the way of declaration around the country for thematic filming. CI Web is participated in the cooperation of the Child Development Research Center of China’s Next Generation Working Committee to carry out the “China Preschool Education Quality Improvement Miles” project, which thousands of kindergartens across the country responded positively and aiming to jointly promote the quality of preschool education in China. In response to the national policy, and to cope with the challenges of low fertility rate and high cost of child-rearing, CI Web and the China of Children Development Research Center have gathered representatives from all sides of the industry to carry out the “Scientific Parenting Walk” project, which aims to provide guidance, support and promotion nationwide in the form of online and offline support to help people with scientific parenting. Second, professional content upgrade. CI Web has established an alliance of experts, including maternal and child physicians, nutritionists, baby sitters, etc., and raised the threshold of professional qualifications and authority of experts in the expert pool. Third, IP content upgrade. CI Web has created more new content IPs such as “Glowing Mother”, “Institute of Ignorance” and “Magical Human Pups”. CI Web continues to operate the “Creator Program” and “ Partner Program of Top Influencer “, and strengthen the dissemination of highly interactive content that realizes users’ self-worth. Through the intensive cultivation of “Parenting Media”, we are able to improve the quality of content, the activity of users, the sense of value of mothers, and the influence of scientific parenting values.

Self-owned product matrix forms marketing position, integration of retail channels achieves double benefits of word-of-mouth sales

For the special group of mother-child, there is a strong demand for consumption at all times. Through our own product matrix, CI Web have formed a marketing position for mother-child, combined with new retail channels in the near field, and facilitated a multi-scene “high-frequency, fast-achieving, word-of-mouth” transaction model to achieve business growth. Through the APP as the core marketing position and the small program, we can reach more mother-child people; through multiple scenarios, we can assist in the purchase decision; we can create multiple nodes to drive the resonance between daily operation and promotion; we can strengthen the content guide and repurchase to activate the continuous shopping demand; through the diversified WeChat community, we can deeply reach the target group, and the whole network can link up to pull in new and gather active users, and anchors + opinion leaders can take turns to recommend. The campaign is designed to attract traffic and bring in goods.

In response to the multi-channel business situation, CI Web has comprehensively upgraded its self-researched private domain layout platform "Mother Planet" to strengthen the construction of digital infrastructure to better support the operation of niche segments and achieve process, efficiency and refinement along the entire chain. In the consumer-side ("**C-side**") channel, the "Mother Planet" community service supports the head of mums to bring in goods, supporting users to bring in goods at their own pricing, which will lead to faster user fission and transaction conversion. In the business-side ("**B-side**") channel, brand owners are faced with the game of cost and effectiveness, so CI Web is actively implementing ecological openness on its own private domain platform, connecting various marketing channels and operational scenarios, fully transforming existing platform traffic into consumption and continuously releasing room for sales growth. CI Web has been strategically cooperating with retail platforms, such as JD.com., and maternal and child brands. Through efficient integration of transaction conversion touchpoints across all platforms and access to e-commerce supply chains, and the use of diversified social media marketing tools to deeply communicate with the new generation of mother and baby people, we are able to create innovative sales paths across all platforms and chains, and achieve double gains in word-of-mouth sales.

Mommy Shop is a new retail system for mother and child invested by CI Web, providing a complete set of digital transformation solutions for small and medium-sized mother and child stores nationwide, including a smart cashier system, inventory management system, customer relationship management platform ("**CRM**"), marketing platform, and data platform, helping mother and child stores to digitally reconfigure "people-goods-field" and realize online and offline co-operations. The interconnection reduces the cost of customer acquisition and operation for mother and child stores while improving operational efficiency. The Mommy Shop united quality supply chain channels for the mother and child stores to provide a quality low-cost cloud warehouse platform to help mother and child stores to achieve more business increment without increasing costs. At present, Mommy Shop has covered tens of thousands of mother and child stores in various cities.

Digital collections and AI breeding services are online, emerging technologies lead to new pregnancy experience

CI Web has invested in emerging technology areas to gain synergistic technology reserves, pioneering the use of artificial intelligence technology and cloud-native technology to improve platform operational efficiency and user experience, while empowering customers to provide digital solutions.

CI Web uses the "StarO Chain" as a technical base, its own IP matrix and multiple creators as resources, and premieres the mother and baby digital collection "Lingmiao Yushou", which brings users into the new hipster universe scene. There are 9 items in the "Lingmiao Yushou" series, which can send parents good wishes and prayers for each moment of their birth and raising. Each "Lingmiao Yushou" will be digitally encrypted and marked on the chain to generate a unique digital certificate, allowing users to obtain a unique, non-tamperable, non-imitable and permanently preserved genuine authorized digital collection. After obtaining the collection, users are able to customize the virtual scene by directly enjoying and generating posters, etc. The "activity" channel of CI Web mother community app has been upgraded to the "surprise" channel to provide users with digital collection services.

CI Web recently has launched GPT-3 based AI pregnancy and parenting service: Smart Parenting Little Assistant. It has now been fully integrated into the entire platform of parenting services, enhancing the user's easy pregnancy and parenting experience. While traditional information retrieval methods have low professionalism and high screening costs, the Smart Parenting Assistant can provide intelligent answers to pregnancy and parenting questions in seconds. Compared to conventional intelligent answering robots, the Smart Parenting Assistant fully embodies three major advantages: more accurate information, faster responses and more natural interaction, and it can improve comprehension and engagement of users greatly. The Smart Parenting Assistant has the ability of continuous iterative training through the collection and analysis of a large amount of data and feedback. At the same time, it can optimize the quality and logic of their answers, and adapt to different scenarios and contexts continuously.

FUTURE PROSPECTS

CI Web has always been adhering to the wish of "doing practical things for users and serving more mother and child families", grasping the upgraded needs of new parents in the context of the new era, actively responding to the national policy of "reducing the burden" for new parents and providing Chinese families with solutions for easy pregnancy and parenting. We will continue to explore innovative technology and operational models to reduce the cost of pregnancy and childcare and improve the user experience of easy childcare. By promoting the digital upgrade of the mother and child industry through the "StarO Chain" platform, CI Web will bring new vitality to the mother and child industry through cross-border cooperation in multiple fields and creating a space for interaction between virtuality and reality. CI Web will help digital technology empower the real economy and innovate industry chain realisation channels. We will integrate more authoritative institutions, industry resources and influencers to promote scientific pregnancy and childbirth.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2022 was approximately RMB85.0 million, representing a decrease of approximately 9.3% over approximately RMB93.7 million for the year ended 31 December 2021, primarily due to the decline in advertising business in the first half of 2022, as affected by the COVID-19 pandemic.

Cost of sales

The Group's cost of sales for the year ended 31 December 2022 was approximately RMB66.6 million, representing a decrease of approximately 24.7% over approximately RMB88.5 million for the year ended 31 December 2021, primarily due to the reduced efforts put into the promotion and technological support on CI Web and its related APPs.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2022 was approximately RMB18.4 million, representing an increase of approximately 254% over approximately RMB5.2 million for the year ended 31 December 2021. During the year ended 31 December 2022, the Group's gross profit margin increased from approximately 5.5% for the year ended 31 December 2021 to approximately 21.6%, due to effective cost control implemented by the Group in 2022.

Other income, gains and losses

The Group's other income, gains and losses for the year ended 31 December 2022 was approximately RMB3.7 million, representing a decrease of approximately 49.3% compared to approximately RMB7.3 million for the year ended 31 December 2021, primarily due to the decrease in government grants provided by the local government.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2022 was approximately RMB15.7 million, representing a decrease of approximately 42.5% over approximately RMB27.3 million for the year ended 31 December 2021, primarily attributable to the decrease in marketing and promotion expenses and the decrease in the number of marketing personnel.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2022 was approximately RMB9.2 million, representing a decrease of approximately 26.4% over approximately RMB12.5 million for the year ended 31 December 2021, primarily due to the decrease in expenses including personnel expenses and rent.

Research and development costs

The Group's research and development ("**R&D**") cost for the year ended 31 December 2022 was approximately RMB7.7 million, representing a decrease of approximately 49.7% over approximately RMB15.3 million for the year ended 31 December 2021, primarily attributable to the decrease in the number of R&D personnel and the decrease in investment in technological development.

Income tax expense/credit

The Group's income tax expense for the year ended 31 December 2022 was approximately RMB0.02 million, representing an increase of approximately 129% over approximately RMB0.7 million of income tax credit for the year ended 31 December 2021.

Loss for the Year

As a result of the factors described above, the Group's net loss for the year ended 31 December 2022 was approximately RMB42.0 million, representing a reduction of approximately 23.8% in loss compared with approximately RMB55.1 million of net loss for the year ended 31 December 2021, primarily due to the improvement in gross profit margin and reduction in selling expenses.

Loss per share

For the Year, the loss per share was approximately RMB0.0412 representing a decrease of approximately 17.9% over approximately RMB0.0502 of the loss per share in 2021.

Gearing ratio

As of 31 December 2022, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was 39.3% (31 December 2021: 22.3%).

Capital expenditure

Our capital expenditure was RMB0.1 million for the year ended 31 December 2022 (31 December 2021: RMB0.1 million). The Group's capital expenditures were mainly related to the purchases of servers, computers, office equipment.

Liquidity and capital resources

As at 31 December 2022, the net current liability of the Group was approximately RMB13.5 million (31 December 2021: net current assets of the Group approximately RMB36.6 million) and the cash and cash equivalents were approximately RMB8.6 million (31 December 2021: approximately RMB27.9 million).

As at 31 December 2022, the Group had borrowings of approximately RMB18.4 million (2021: approximately RMB22.5 million), which included guaranteed bank loan denominated in RMB of approximately RMB13.5 million (2021: approximately RMB22.5 million) and other borrowing of approximately RMB4.9 million (2021: Nil), and convertible notes of approximately RMB13.8 million (2021: approximately RMB26.4 million).

The Group has internal budgeting systems in place to ensure that if and when cash is committed to fund major expenditures there is sufficient cash flow to maintain the Group's daily operations and meet all of its contractual obligations.

The Group funds its operations with revenue from its operating activities. The Group also has cash inflows from interest income and collections. Key drivers in the Group's sources of cash are primarily the Group's sales, and their cash inflows depends on the Group's ability to collect payments. There have been no material changes in the Group's underlying drivers during the Reporting Period.

Foreign exchange exposure

The Group's transactions are mainly denominated in RMB. Part of the cash and bank deposits of the Group are denominated in Hong Kong dollars. During the year ended 31 December 2022, the Group did not experience any material impact or liquidity problems in its operation resulting from the changes in exchange rate nor enter into hedging transaction or forward contract arrangement. However, the management closely monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. In this regard, the Group is not exposed to any significant foreign currency exchange risk in its operation.

Capital structure

The shares of the Company were listed on the GEM of the Stock Exchange on 8 July 2015 and the listing of shares of the Company has been transferred to the Main Board of the Stock Exchange on 8 October 2018. The capital structure of the Company comprised ordinary shares and 1,025,662,000 shares in issue as at 31 December 2022.

Capital commitment

As at 31 December 2022, the Group had capital commitment of approximately RMB49.0 million (including the construction cost of the target land and various government administrative fees and taxes) (31 December 2021: RMB49.0 million).

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, and 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 Board believes 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 onjob 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 31 December 2022, the Group had a total of 92 employees including executive Directors (31 December 2021: 118 employees). Total staff costs were approximately RMB17.7 million for the year ended 31 December 2022 (31 December 2021: approximately RMB28.7 million).

Material acquisitions and disposals of subsidiaries

During the year ended 31 December 2022, there was no material acquisition or disposal of subsidiaries by the Group.

Events after the reporting period

(a) On 29 March 2023, the Company proposes to (i) 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 and (ii) change the board lot size for trading on the Stock Exchange from 2,000 existing shares to 10,000 consolidated shares. At the date of this announcement, the share consolidation and the change in board lot size have not yet been completed, details of which are set out in the Company's announcement dated 29 March 2023.

(b) On 29 March 2023, the Company and the subscriber, an independent third party, entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for, 7,317,073 subscription shares at a subscription price of HK$0.041 per subscription share. At the date of this announcement, the subscription has not yet been completed, details of which are set out in the Company's announcement dated 29 March 2023.

Charges of assets

As at 31 December 2022, the Group did not make any pledged bank deposit (31 December 2021: Nil).

Contingent liabilities

As at 31 December 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (year ended 31 December 2021: nil).

ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

On 9 February 2021 and 15 February 2021, the Company entered into subscription agreements and supplemental agreements with Ellwood International Ltd and nine other subscribers (being individual professional investors or companies ultimately owned by professional investors) (the "**Investors**"), pursuant to which the Company conditionally agreed to issue and Ellwood International Ltd and the other subscribers conditionally agreed to subscribe for convertible notes in an aggregate principal amount not exceeding HK$35,000,000 (the "**Convertible Notes**") at an initial conversion price of HK$0.24 per convertible share. The Company entered into an amendment and restatement deed dated 30 March 2022 (the "**Amendment and Restatement Deed**") with the Investors to extend the maturity date of the Convertible Notes to 30 April 2023 and the initial conversion price amended to HK$0.095 per convertible share with principal amount reduced to HK$14.5 million after partial repayment of the outstanding principal amount of the Convertible Notes, subject to and effective from fulfilment of conditions precedent and conditions subsequent in the Amendment and Restatement Deed. For details of the proposed amendment, please refer to the announcement of the Company dated 30 March 2022.

Assuming the full exercise of the Convertible Notes, the Company will allot and issue up to 152,631,579 conversion shares based on the conversion price of HK$0.095 and the general mandate granted to the Directors at the annual general meeting held on 10 June 2022 is sufficient for the allotment and issue of such conversion shares.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND PROFIT OR LOSS

Breakdown of the Company's financial assets at fair value through other comprehensive income and profit or loss as at 31 December 2022 is set out in note 12 of the consolidated financial statements. Further details of each invested companies will be disclosed in the 2022 annual report of the Company.

With technological advancement and the changes in needs and behaviors of the new generation consumers in recent years, our investment helps to achieve the upstream and downstream digitalization of the industrial chain. It is also beneficial for us to consolidate new technology and service application scenarios to help brands upgrade their traditional business models, which is in line with our strategic planning direction.

The Group is a vertical online platform for the CBM market. In relation to its business development, family-related business of the Group refers to business that uses Internet technology to address the needs of new generation home consumers as target customers, such as early education, entertainment, health and services. On the basis of its existing core business, the family-related business of the Group still adheres to the original family-based user groups of its CBM platform, and forms a new maternal and child ecological layout with diversified maternal and child family services. It also extends the traditional and single maternal and child services to several cross-sector segments including health, education and entertainment, further expanding the types of family services and customer reach, prolonging user life-cycle, and meeting the increasing long-tail demands from the mother-child groups.

There have been rapid changes in the Internet industry and the competition in online advertising and e-commerce market and related O2O business is intense. The Group intends to expand into new core sectors such as new socialized retail, family medical, family education and internet technology with external empowerment. Leveraging the investments in the companies engaged in relevant new sectors, the Company will be able to reduce its costs to a certain extent and enter such new sectors in a quicker manner, as well as gain technology reserves and Internet traffic from new resources. The Company targets on investments in entities which are principally engaged in CBM and family related business chain and related technology research and development, which is in line with the principal business and future business development of the Company.

LOANS TO OTHER ENTITIES

The balance represents loans extended to unrelated third parties, bearing interest rates of 6.0% to 8.0% per annum for periods of 12 to 36 months. The entering into these loan facility agreements with these third parties are for the long-term interest of the Group.

Breakdown of the Company's loans to other entities as at 31 December 2022 is set out in note 11, note 12 and note 15 of the consolidated financial statements. Further details of each borrowing companies will be disclosed in the 2022 annual report of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022 and up to the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	*4*	**84,970**	93,744
Cost of sales		**(66,578)**	(88,549)
Gross profit		**18,392**	5,195
Other income, gains and losses	*5*	**3,716**	7,323
Selling and distribution expenses		**(15,718)**	(27,279)
Administrative expenses		**(9,169)**	(12,535)
Research and development costs		**(7,685)**	(15,302)
(Impairment loss) reversal of impairment loss on financial and contract assets, net	*6*	**(3,620)**	763
Fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")		**(24,684)**	(9,417)
Gain on modification of convertible notes		**801**	–
Loss on restructuring of other receivable		**–**	(236)
Other expenses		**–**	(1,253)
Finance costs	*7*	**(4,014)**	(3,066)
Loss before tax	*6*	**(41,981)**	(55,807)
Income tax (expense) credit	*8*	**(24)**	670
Loss for the Year		**(42,005)**	(55,137)
(Loss) profit attributable to:			
Owners of the Company		**(42,241)**	(51,455)
Non-controlling interests		**236**	(3,682)
		(42,005)	(55,137)
		RMB cents	*RMB cents*
Loss per share attributable to owners of the Company			
Basic and diluted	*10*	**(4.12)**	(5.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
Loss for the Year	**(42,005)**	(55,137)
Other comprehensive (expense) income, net of tax:		
Items that will not be reclassified to profit or loss in subsequent periods:		
Financial assets designated at fair value through other comprehensive income ("**FVTOCI**"):		
Changes in fair value	**(126,870)**	(6,056)
Tax effect	**–**	2,576
	(126,870)	(3,480)
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,892**	(452)
Other comprehensive expense for the Year, net of tax	**(124,978)**	(3,932)
Total comprehensive expense for the Year	**(166,983)**	(59,069)
Total comprehensive (expense) income for the Year attributable to:		
Owners of the Company	**(167,219)**	(55,387)
Non-controlling interests	**236**	(3,682)
	(166,983)	(59,069)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	**31 December 2022** *RMB'000*	31 December 2021 *RMB'000*
Non-current assets			
Property, plant and equipment		**15,060**	8,002
Right-of-use assets		**7,178**	8,479
Long-term receivables	*11*	**2,462**	2,917
Deposit for property, plant and equipment		**2,712**	2,712
Other financial assets	*12*	**88,077**	211,149
		115,489	233,259
Current assets			
Inventories		**1,187**	1,465
Trade and bills receivables	*13*	**9,971**	15,620
Contract assets	*14*	**6,139**	7,266
Prepayments, deposits and other receivables	*15*	**10,600**	20,112
Other financial assets	*12*	**14,985**	39,820
Cash and cash equivalents		**8,555**	27,851
		51,437	112,134
Current liabilities			
Trade payables	*16*	**3,208**	1,745
Contract liabilities		**325**	600
Other payables and accruals	*17*	**22,233**	16,695
Lease liabilities		**1,117**	1,755
Borrowings		**18,413**	22,500
Convertible notes	*18*	**13,816**	26,378
Tax payable		**5,868**	5,868
		64,980	75,541
Net current (liabilities) assets		**(13,543)**	36,593
Total assets less current liabilities		**101,946**	269,852

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
Non-current liabilities		
Lease liabilities	**693**	1,616
NET ASSETS	**101,253**	268,236
Equity		
Equity attributable to owners of the Company		
Share capital	**8,090**	8,090
Reserves	**93,163**	260,382
	101,253	268,472
Non-controlling interests	**–**	(236)
TOTAL EQUITY	**101,253**	268,236

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 CORPORATE AND GROUP 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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). 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 principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in (i) the provision of marketing and promotional services through the Group's platform, including CI Web, mobile CI Web, Mobile Application Software ("**APPs**") and IPTV APPs and (ii) sale of goods in China.

In the opinion of the directors of the Company, as of the date of approval of these financial statements, 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.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

For the assessment of going concern, the directors of the Company are of the opinion that the Group would be able to continue as a going concern as the Group has sufficient financial resources to support the operation of the Group in the foreseeable future, after taking into consideration of the followings:

(a) The two shareholders of the Company have granted a loan facility to the Group and undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of this announcement. Up to the date of this announcement, the loan facility has not been utilised under the arrangement;

(b) The Group is negotiating with the convertible note holders and lenders to extend the maturity date of the convertible notes with an aggregate principal amount of HK$14,500,000 (equivalent to approximately RMB12,952,000) and borrowings of HK$5,500,000 (equivalent to approximately RMB4,913,000) respectively;

(c) The Group plans to dispose of the financial assets at FVTPL and financial assets designated at FVTOCI to generate operating cash inflow;

(d) The directors will strengthen and implement measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating cost; and

(e) The Group will seek to obtain additional new financial support including but not limited to borrowing loans, issuing additional equity or debt securities.

In view of the above measures, the directors are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the date of this announcement.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, and use consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.2 IFRSs ISSUED BUT NOT YET EFFECTIVE IN CURRENT YEAR

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in the provision of marketing and promotional services through the Group's platform and sale of goods.

(i) Disaggregation of revenue

Revenue of the Group are from contracts with customers within the scope of IFRS 15. The amount of each significant category of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Marketing and promotional services	**38,378**	47,998
Sale of goods	**46,592**	45,746
	84,970	93,744

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

Contracts with provision of marketing and promotional services customers always have an original expected duration of less than one year. Contracts with individual customers for sales of goods are always satisfied within one month.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an original expected duration of one year or less.

(b) Segment information

The Group determines its operating segments based on internal reports reviewed by the chief operating decision makers, who are the executive directors of the Company, for the purpose of allocating resources to the segments and to assess their performance.

The Group's reportable and operating segments have been identified as follows:

(i) Marketing and promotional services; and

(ii) Sale of goods

The amount of each significant category of revenue recognised during the Reporting Period is as follows:

	For the year ended 31 December 2022		
	Marketing and promotional services	**Sale of goods**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Disaggregated by timing of revenue recognition			
Over time	**38,378**	**–**	**38,378**
Point in time	**–**	**46,592**	**46,592**
Segment revenue	**38,378**	**46,592**	**84,970**
Segment results	**15,301**	**3,091**	**18,392**

	For the year ended 31 December 2021		
	Marketing and promotional services	Sale of goods	Total
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition			
Over time	47,998	–	47,998
Point in time	–	45,746	45,746
Segment revenue	47,998	45,746	93,744
Segment results	4,703	492	5,195

	2022	2021
	RMB'000	*RMB'000*
Segment results	**18,392**	5,195
Unallocated		
Other income, gains and losses	**3,716**	7,323
Selling and distribution expenses	**(15,718)**	(27,279)
Administrative expenses	**(9,169)**	(12,535)
Research and development costs	**(7,685)**	(15,302)
(Impairment loss) reversal of impairment loss on financial and contract assets, net	**(3,620)**	763
Fair value changes of financial assets at FVTPL	**(24,684)**	(9,417)
Gain on modification of convertible notes	**801**	–
Loss on restructuring of other receivable	**–**	(236)
Other expenses	**–**	(1,253)
Finance costs	**(4,014)**	(3,066)
Loss before tax	**(41,981)**	(55,807)

Segment results during the Year represents the gross profit of each segment without allocation of other income, gains and losses, selling and distribution expenses, administrative expenses, research and development costs, impairment loss/reversal of impairment loss on financial and contract assets, net, fair value changes of financial assets at FVTPL, gain on modification of convertible notes, loss on restructuring of other receivable, other expenses and finance costs. This is the measure reported to the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and segment liabilities and other segment information are presented as such amounts are not reviewed by the Group's chief operating decision makers for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's chief operating decision makers.

Geographical information

During the Years, the Group operated within one geographical segment because substantially 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 information is presented.

Information about major customers

Revenue from a customer of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2022	2021
	RMB'000	*RMB'000*
Customer A[1]	**10,979**	–
Customer B[2]	**–**	36,017

[1] Revenue from marketing and promotional services.

[2] Revenue from sale of goods

5 OTHER INCOME, GAINS AND LOSSES

	2022	2021
	RMB'000	*RMB'000*
Bank interest income	**22**	136
Other interest income	**1,161**	1,313
Government grants *(note)*	**1,704**	3,729
Investment income from bank product investments	**111**	361
Foreign exchange (loss) gain, net	**(58)**	1,195
Rent concession income	**232**	–
Other income	**544**	589
	3,716	7,323

Note:

Government grants were received from the government of the Mainland China mainly to encourage the Group's efforts on development and innovation. There are no unfulfilled conditions or contingencies relating to the grants.

6 LOSS BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold	**43,501**	45,254
Cost of services provided	**23,077**	43,295
Depreciation of property, plant and equipment	**45**	121
Depreciation of right-of-use assets	**1,479**	2,345
Research and development costs:		
Current year expenditure	**7,685**	15,302
Auditor's remuneration	**1,480**	1,480
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**16,103**	24,784
Pension scheme contributions (defined contribution scheme)	**1,539**	2,029
Impairment loss (reversal of impairment loss) on financial and contract assets, net:		
— Trade receivables	**3,243**	(41)
— Contract assets	**512**	(83)
— Financial assets included in deposits and other receivables	**(135)**	(639)
Fair value changes of financial assets at FVTPL	**24,684**	9,417
Write-off of trade and other receivables	**–**	276
Write-down of inventories to net realisable value	**–**	977
Foreign exchange loss (gain), net	**58**	(1,195)

7 FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Effective interest on convertible notes	**2,204**	2,025
Interest on bank loan	**844**	836
Interest on other borrowings	**832**	–
Interest on lease liabilities	**134**	205
	4,014	3,066

8 INCOME TAX EXPENSE (CREDIT)

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.

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, except for one of the subsidiaries has been recognised as high-tech enterprise since 6 December 2019, the subsidiary can enjoy a preferential income tax rate of 15% from 2020 to 2022.

The income tax expense (credit) of the Group are analysed as follows:

	2022	2021
	RMB'000	*RMB'000*
Current tax — Mainland China		
Provision for the year	**–**	–
Under- (over-)provision in respect of prior years	**24**	(526)
	24	(526)
Deferred tax		
Current year	**–**	(144)
Total tax expense (credit) for the Year	**24**	(670)

9 DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the years ended 31 December 2022 and 2021.

10 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss attributable to owners of the Company, and the numbers of ordinary shares of 1,025,662,000 shares in issue during the years ended 31 December 2022 and 2021.

No adjustment was made in calculating diluted loss per share for the years ended 31 December 2022 and 2021 as the conversion of convertible notes would result in a decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

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

	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the Company	**(42,241)**	(51,455)
	Number of shares	
	2022	2021
Shares		
Number of ordinary shares in issue	**1,025,662,000**	1,025,662,000
	2022	2021
	RMB cents	*RMB cents*
Loss per share attributable to owners of the Company		
– Basic and diluted	**(4.12)**	(5.02)

11 LONG-TERM RECEIVABLES

	Notes	**2022** **RMB'000**	2021 *RMB'000*
Rental deposits		**877**	841
Loans to employees	*(i)*	**1,454**	1,756
Loans to third parties	*(ii)*	**131**	320
		2,462	2,917

Notes:

(i) Since September 2016, the Group had begun to offer certain employees interest-free loans which amounted to no more than RMB15,000,000 in aggregate. The employees, including key management personnel, who have served the Group for more than three years can apply for such interest-free loans to purchase home properties. The balance, including interest-free loans to key management personnel of RMB790,000 (2021: RMB880,000), represents the interest-free loans to employees which will be repaid within two to five years. The current portion which will be repaid within one year is presented in note 15.

(ii) The loans to third parties are unsecured, bearing interest rates of 6% per annum and repayable within two to five years. The current portion which will be repaid within one year is presented in note 15.

12 OTHER FINANCIAL ASSETS

	Notes	**2022** **RMB'000**	2021 *RMB'000*
Financial assets designated at FVTOCI			
– Unlisted equity securities	*(i)*	**68,926**	195,790
Financial assets at FVTPL			
– Unlisted equity securities	*(ii)*	**14,985**	39,820
– Convertible loans to third parties	*(iii)*	**19,151**	15,359
		103,062	250,969
Analysed into:			
– Non-current		**88,077**	211,149
– Current		**14,985**	39,820
		103,062	250,969

(i) As at 31 December 2022 and 2021, certain equity securities as shown in following table were designated as financial assets at FVTOCI. These equity securities are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

	2022	2021
	RMB'000	*RMB'000*
Nanjing Jufeng Engine Information Technology Company Limited*	**13,212**	15,565
Nanjing Xianju Information Technology Co., Ltd.*	**6,534**	8,465
Nanjing Free Chain Information Technology Company Limited*	**6,192**	9,288
Nanjing Youchao Information Technology Co., Ltd.*	**5,700**	6,270
Nanjing Hongdou Information Technology Company Limited*	**5,289**	14,637
Nanjing Shenkong Vision Artificial Intelligence Technology Development Company Limited*	**4,128**	12,212
Guangzhou Baxianguohai Information Technology Co., Ltd.*	**3,780**	5,220
Nanjing Yunqulu Network Technology Company Limited*	**2,580**	7,052
Nanjing Duomai Information Technology Company Limited*	**2,350**	11,571
Nanjing Youke Workshop Information Technology Co., Ltd.*	**2,064**	14,620
Nanjing Qianguang Information Technology Co., Ltd.*	**1,548**	14,448
Nanjing Baicheng Medical Technology Company Limited*	**2,752**	5,332
Nanjing Duozan Health Technology Company Limited*	**854**	8,023
Nanjing Mengmiao Education Technology Co., Ltd.*	**180**	16,020
Nanjing Luobo Information Technology Company Limited*	**–**	10,200
Nanjing Yuanhui Information Technology Co., Ltd.*	**–**	8,600
Others	**11,763**	28,267
	68,926	195,790

At the end of the Reporting Period, no dividends were received on these equity securities (2021: RMB Nil).

* The English names referred herein represent management's best effort at translating from the official Chinese names of these companies for identification purposes as no English names have been registered.

(ii) The financial asset at FVTPL contains put options in which the Group has a right to request investees to repurchase the equity shares in certain situations including investees' failure in meeting specific profits guarantee or developing specific techniques, fundamental change in investees' principal activities and/or investees and original shareholders violated integrity and damaged the investees' interest.

	2022	2021
	RMB'000	*RMB'000*
CCLOUD TECH LIMITED	**14,985**	39,820

(iii) The balance included convertible loans measured at fair value of RMB14,400,000 (2021: RMB11,304,000) and RMB4,751,000 (2021: RMB4,055,000) made to private companies, namely Nanjing Qianyu Information Technology Company Limited (「南京千魚信息技術有限公司」) ("**Nanjing Qianyu**") and Beijing Hongwei Technology Company Limited (「北京宏偉科技有限公司」) ("**Beijing Hongwei**"), respectively. In future, on evaluating the performance of Nanjing Qianyu and Beijing Hongwei over a period, the Group has the option to convert the loans into equity shares of Nanjing Qianyu and Beijing Hongwei.

The loan to Nanjing Qianyu was guaranteed by a subsidiary, Jiangsu Wansheng Weiye Network Technology Company Limited (「江蘇萬聖偉業網絡科技有限公司」) of an A-share listed company.

13 TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**12,954**	14,884
Less: Impairment allowance	**(3,338)**	(95)
	9,616	14,789
Bills receivables	**355**	831
	9,971	15,620

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 to 180 days after date of invoices, depending on contracts with individual customers.

An ageing analysis of the trade and bills receivables as at the end of the Reporting Period, based on the date of invoices and net of impairment allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**6,090**	7,274
3 to 6 months	**2,406**	2,631
6 months to 1 year	**1,127**	5,566
1 to 2 years	**227**	149
2 to 3 years	**121**	–
	9,971	15,620

14 CONTRACT ASSETS

	2022	2021
	RMB'000	*RMB'000*
Contract assets arising from marketing and promotional services	**6,678**	7,293
Less: Impairment allowance	**(539)**	(27)
	6,139	7,266

As at 1 January 2021, contract assets amounted to RMB18,306,000.

Contract assets are initially recognised for revenue earned from the marketing and promotional services as the receipt of consideration is conditional on successful completion of services. Included in contract assets for marketing and promotional services are retention receivables. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

During the year ended 31 December 2022, impairment losses of RMB512,000 were recognised (2021: impairment losses of RMB83,000 were reversed) for expected credit losses on contract assets.

The expected timing of recovery or settlement for contract assets as at the end of the Reporting Period is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**6,139**	7,266

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2022 RMB'000	2021 RMB'000
Advance payments to suppliers		**2,039**	589
Prepayments	*(i)*	**4,266**	12,755
Deposits		**421**	38
Other receivables	*(ii)*	**2,872**	4,767
Loans to third parties	*11(ii)*	**238**	240
Loans to employees	*11(i)*	**930**	2,008
		10,766	20,397
Less: Impairment allowance		**(166)**	(285)
		10,600	20,112

Notes:

(i) Prepayments included HK$4,212,000 (equivalent to approximately RMB3,762,000) for technology licensing service (2021: HK$7,000,000 (equivalent to approximately RMB5,723,000) for technology licensing service and HK$8,600,000 (equivalent to approximately RMB7,031,000) for health product service).

(ii) Included in other receivables of approximately RMB2,268,000 (2021: RMB3,988,000) is the other tax receivables as at 31 December 2022.

16 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 month	**2,931**	1,745
1 to 3 months	**15**	–
Over 3 months	**262**	–
	3,208	1,745

As at 31 December 2022 and 2021, the trade payables are non-interest-bearing and normally settled within 30 days.

17 OTHER PAYABLES AND ACCRUALS

	2022	2021
	RMB'000	*RMB'000*
Other payables	**12,921**	3,461
Accruals	**–**	21
Receipt in advance	**655**	–
Other tax payables	**7,187**	8,701
Employee related payables	**1,470**	4,512
	22,233	16,695

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

18 CONVERTIBLE NOTES

The Company issued HK$32,000,000 (equivalent to approximately RMB27,046,000) 5% convertible notes at a par value of HK$0.24 each on 29 March 2021. The convertible notes are denominated in Hong Kong dollars. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 29 March 2022 at a conversion price of HK$0.24 per convertible note. If the notes have not been converted, they would be redeemed at 29 March 2022. Interest of 5% would be paid on 29 March 2022.

On initial recognition, the equity component of the convertible notes was separated from the liability component. The equity element is presented in equity heading "convertible notes equity reserve" of HK$1,776,000 (equivalent to approximately RMB1,502,000). The effective interest rate of the liability component is 11.58%.

On 29 March 2022, the Company entered into the Amendment and Restatement Deed ("**Amendment and Restatement Deed**") with the holders to extend the maturity date to 30 April 2023 for convertible notes with principal amount of HK$14,500,000 (equivalent to approximately RMB12,255,000). Certain holders of notes with the principal amount of HK$5,500,000 (equivalent to approximately RMB4,465,000) did not extend their notes upon maturity in April 2022 and such convertible notes were reclassified to borrowings accordingly.

The movement of the liability component of the convertible notes for the Year is set out below:

	2022 *RMB'000*	2021 *RMB'000*
At beginning of the year	**26,378**	–
Issue of the convertible notes	**–**	25,207
Effective interest expense	**2,204**	2,025
Repayment of convertible notes	**(10,312)**	–
Interest paid	**(129)**	–
Accrued interest	**(623)**	–
Reclassified to borrowings	**(4,465)**	–
Gain on modification	**(801)**	–
Exchange realignment	**1,564**	(854)
At end of the year	**13,816**	26,378

19 EVENTS AFTER THE REPORTING PERIOD

(a) On 29 March 2023, the Company proposes to (i) 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 and (ii) change the board lot size for trading on the Stock Exchange from 2,000 existing shares to 10,000 consolidated shares. At the date of this announcement, the share consolidation and the change in board lot size have not yet been completed, details of which are set out in the Company's announcements dated 29 March 2023.

(b) On 29 March 2023, the Company and the subscriber, an independent third party, entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for, 7,317,073 subscription shares at a subscription price of HK$0.041 per subscription share. At the date of this announcement, the subscription has not yet been completed, details of which are set out in the Company's announcements dated 29 March 2023.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standard Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2022 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 2 to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately RMB42,241,000 for the year ended 31 December 2022, and as at the same date, the Group's current liabilities exceeded its current assets by approximately RMB13,543,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our audit opinion is not modified in respect of this matter.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance practices are very essential for maintaining and promoting investor confidence as well as the sustainable growth of the Company. The Board sets appropriate policies and implements relevant corporate governance practices with a view to further develop our business and achieve business growth. The Board is committed to strengthening the Company's corporate governance practices, to ensure transparency and accountability of the Company's operations.

The Group has adopted the code provisions set out in the corporate governance code (the "**CG Code**") contained in Appendix 14 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2022.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' dealings in securities of the Company. Having made specific enquiry to all the Directors of the Company, the Directors confirmed that they have complied with Model Code during the year ended 31 December 2022.

WRITTEN GUIDELINES FOR RELEVANT EMPLOYEES IN RESPECT OF THEIR DEALINGS IN SECURITIES

The Company has established written guidelines on the employees' dealings in the securities of the Company on terms which are no less exacting than the Model Code (the "**Employees Written Guidelines**") to regulate the dealings in the securities of the Company by employees (including the Directors or employees of the subsidiaries or holding company of the Company) who are likely to possess inside information of the Company and/or its securities. The Company is not aware of any non-compliance of the Employees Written Guidelines by the employees during the year ended 31 December 2022.

Should the Company becomes aware of any restricted period for dealings in the Company's securities, the Directors and relevant employees shall be notified in advance.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of the financial reporting matters; and oversee internal control procedures of the Company. At present, the audit committee of the Company consists of three members, namely the independent non-executive Director Mr. Wu Chak Man, the non-executive Director Ms. Li Juan and the independent non-executive Director Mr. Ge Ning. Mr. Wu Chak Man is the chairman of the audit committee of the Company. Members of the audit committee of the Company comply with Rule 3.21 of the Listing Rules. The written terms of reference of the audit committee of the Company are posted on the Hong Kong Stock Exchange's website and the Company's website.

The audit committee of the Company had reviewed the Company's audited annual results for the year ended 31 December 2022, and was of the opinion that the relevant financial statements have been prepared in accordance with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee of the Company has also reviewed the accounting principles and practices adopted by the Group, and the selection and appointment of the external auditor. In addition, based on information furnished to the Board and on its own observations, the audit committee of the Company had reviewed the present risk management and internal control systems of the Company and considers that the Group's risk management and internal control systems for the year ended 31 December 2022 was effective and adequate.

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of the preliminary announcement of the results of the Group for the Year have been agreed to the amounts set out in the financial statements for the Year by the auditor of the Company, Confucius International CPA Limited ("**CICPA**"). The work performed by CICPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CICPA on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on 15 June 2023 (Thursday). The notice of the AGM and other relevant documents will be published and despatched to the shareholders of the Company in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from 8 June 2023 (Thursday) to 15 June 2023 (Thursday), both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the AGM, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 7 June 2023 (Wednesday).

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.ci123.com), and the annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and the Company and despatch to the shareholders of the Company in due course.

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

Nan Jing, 31 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 Mr. Wu Haiming, Ms. Li Juan and Mr. Zhang Haihua; and the independent non-executive directors are Mr. Wu Chak Man, Mr. Zhao Zhen and Mr. Ge Ning.