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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND LOAN CAPITALISATION INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE

SHARE SUBSCRIPTION

On 12 June 2023 (after trading hours), the Company and the Subscriber 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, 91,733,750 Subscription Shares at a subscription price of HK\$0.023 per Subscription Share.

The 91,733,750 Subscription Shares represent approximately 8.76% of the total number of Shares in issue as at the date of this announcement and approximately 8.05% of the total number of Shares in issue and as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of allotment and issue of the Subscription Shares and no completion of Loan Capitalisation.

The subscription price of HK\$0.023 per Subscription Share represents a discount of 17.86% of (i) the closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) the average closing price of HK\$0.028 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The gross proceeds from the Subscription will be HK\$2.1 million and the net proceeds from the Subscription, after deduction of the expenses related to the Subscription of approximately HK\$200,000, is estimated to be approximately HK\$1.9 million, which is intended to be used for repayment of part of the Group's outstanding professional fees and expenses.

LOAN CAPITALISATION

On 12 June 2023 (after trading hours), the Company and the Creditor entered into the Loan Capitalisation Agreement, pursuant to which the Creditor conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 91,733,750 Loan Capitalisation Shares at the issue price of approximately HK\$0.023 per Loan Capitalisation Share. The subscription amount payable by Creditor under the Loan Capitalisation Agreement shall be satisfied by capitalising the Capitalised Sum.

The 91,733,750 Loan Capitalisation Shares represent (i) approximately 8.76% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares, assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of allotment and issue of the Loan Capitalisation Shares and no completion of the Subscription.

GENERAL MANDATE

The Subscription Shares and Loan Capitalisation Shares will be allotted and issued under the General Mandate, therefore, the allotment and issue of the Subscription Shares and Loan Capitalisation Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and Loan Capitalisation Shares.

Shareholders and potential investors should note that the completion of the Subscription and Loan Capitalisation are subject to conditions to be fulfilled, the Subscription and Loan Capitalisation may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

Date

12 June 2023

Parties to the Subscription Agreement

Issuer: the Company

Subscriber: Ms. Tan Chiu Lan Francine (“Ms. Tan”) who is a professional investor with investments in Asia and US markets and is a shareholder of 21,664,899 Shares.

Save as disclosed above, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Subscriber is a third party independent of and not connected with the Company or any of its connected persons.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Subscriber has conditionally agreed to subscribe for 91,733,750 Subscription Shares at the subscription price of approximately HK\$0.023 per Subscription Share. The aggregate nominal value of the Subscription Shares is HK\$917,337.5.

Assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of allotment and issue of the Subscription Shares and Loan Capitalisation Shares, the Subscription Shares represent:

- (i) approximately 8.76% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 8.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no completion of the Loan Capitalisation); and
- (iii) approximately 7.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares and the Share Subscription.

The Subscription Shares will rank pari passu in all respects among themselves and with all other fully paid Shares in issue on the date of issue of the Subscription Shares.

Subscription price of the Subscription Shares

The subscription price of HK\$0.023 per Subscription Share represents a discount of 17.86% of:

- (i) the closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) the average closing price of HK\$0.028 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The subscription price of the Subscription Shares was arrived at after arm’s length negotiations between the Company and the Subscriber with reference to the last trading price of the Shares on the Last Trading Day. The Directors are of the view that the subscription price of the Subscription Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole. The subscription price of 91,733,750 Subscription Shares is HK\$2,109,877, which shall be satisfied by the Subscribers by payment to the Company in cash upon completion of the Subscription.

Conditions precedent

Completion of the Subscription Agreement is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee having granted the approval for the listing of, and the permission to deal in, the Subscription Shares to be issued and such approval and permission having not been subsequently withdrawn or revoked;
- (ii) all necessary approvals or resolutions of the Directors having been obtained or passed in respect of the signing of the Subscription Agreement and the completion of the Subscription and issuance of the Subscription Shares;
- (iii) all the Company's warranties as set out in the Subscription Agreement being true, complete and accurate in all respects and not misleading in any respect;
- (iv) the passing of resolutions of the Directors to approve the Subscription Agreement and the transactions contemplated herein including but not limited to the entering into of the Subscription and the issuance of the Subscription Shares; and
- (v) the Subscriber's warranties as set out in the Subscription Agreement being true, complete and accurate in all respects and not misleading in any respect.

Completion of the Subscription

Completion of the Subscription Agreement shall take place within five working days after the date on which the condition precedent to the Subscription Agreement is fulfilled. If any of the above conditions have not been fulfilled or satisfied or complied with or waived on or before the Long Stop Date (or such other date as the parties may agree), the Subscriber shall not be obliged to complete the Subscription. For the avoidance of doubt, the Subscription and Loan Capitalisation are not inter-conditional.

LOAN CAPITALISATION

Background of the Loan Capitalisation

Reference is made to the announcements of the Company dated 30 March 2022, 29 March 2021, 15 February 2021 and 9 February 2021 in relation to the issue of Convertible Notes under the General Mandate. As the Convertible Notes can only be exercised and converted into Shares during the conversion period, being the first week of June 2022, September 2022 and December 2022, and the maturity date of the Convertible Notes has passed, the Convertible Notes could no longer be converted into Shares pursuant to the terms and conditions of the Convertible Notes. Convertible Notes in the principal sum of HK\$3,500,000 were transferred to the Creditor.

On 12 June 2023 (after trading hours), the Company entered into the Loan Capitalisation Agreement with the Creditor, pursuant to which the Creditor conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 91,733,750 Loan

Capitalisation Shares at the issue price of approximately HK\$0.023 per Loan Capitalisation Share. The subscription amount payable by Creditor under the Loan Capitalisation Agreement shall be satisfied by capitalising the Capitalised Sum.

Loan Capitalisation Agreement

Date

12 June 2023

Parties to the Loan Capitalisation Agreement

Issuer: the Company

Subscriber: the Creditor, an investment holding company incorporated in Singapore. The ultimate beneficial owner of the Creditor is Lee Yong Soon, a merchant and professional investor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Creditor and its ultimate beneficial owner are third parties independent of and not connected with the Company or any of its connected persons.

Loan Capitalisation Shares

Pursuant to the Loan Capitalisation Agreement, the Company has conditionally agreed to allot and issue, and Creditor has conditionally agreed to subscribe for 91,733,750 Loan Capitalisation Shares at the issue price of approximately HK\$0.023 per Loan Capitalisation Share. The subscription amount payable by Creditor under the Loan Capitalisation Agreement shall be satisfied by capitalising the Capitalised Sum. The aggregate nominal value of the Loan Capitalisation Shares is HK\$917,337.5.

Assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of allotment and issue of the Subscription Shares and Loan Capitalisation Shares, the Loan Capitalisation Shares represent:

- (i) approximately 8.76% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 8.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares (assuming no completion of the Subscription); and
- (iii) approximately 7.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares and the Share Subscription.

The Loan Capitalisation Shares when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of their allotment and issue.

Issue Price

The issue price of approximately HK\$0.023 per Loan Capitalisation Share represents a discount of 17.86% of:

- (i) the closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) the average closing price of HK\$0.028 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

The Issue Price was determined after arm's length negotiation between the Company and Creditor with reference to the last trading price of the Shares on the Last Trading Day. The Directors consider that the Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Capitalisation is conditional upon fulfillment of the following conditions:

- (i) the Listing Committee agreeing to grant the listing of, and permission to deal in, the Loan Capitalisation Shares and such permission and listing having not subsequently been revoked prior to the delivery of definitive share certificates representing the Loan Capitalisation Shares;
- (ii) the allotment, issue and subscription of the Loan Capitalisation Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Loan Capitalisation Agreement by any legislative, executive or regulatory body or authority (including the Stock Exchange and the Securities and Futures Commission) which is applicable to the Company; and
- (iii) the requirements of Rule 8.08(1)(a) of the Listing Rules not being breached at any time.

None of the above-mentioned conditions is waivable. If any of the above-mentioned conditions are not fulfilled on or before 2 July, 2023 (or such other time and date as the parties shall agree in writing), any party to the Loan Capitalisation Agreement may, at any time thereafter, terminate the Loan Capitalisation Agreement by notice in writing to the other party, whereupon the obligations of the parties under the Loan Capitalisation Agreement shall forthwith cease and terminate and neither the Company nor Creditor shall have any claim against the other party, save for any antecedent breach thereof.

Completion of the Loan Capitalisation

Completion of the Loan Capitalisation shall take place on the day the conditions precedent are fulfilled (or such other date to be agreed by the parties).

Upon the completion of the Capitalisation, the total principal amount owing by the Company to Creditor shall be reduced to HK\$1.6 million.

Lock-Up Period

Without the prior written consent of the Company, the Creditor shall not and shall cause its affiliates not to, for a period of six months from the date of completion of the Capitalisation, directly or indirectly, dispose of any Capitalised Shares or any interest in any company or entity holding any Capitalised Shares.

GENERAL MANDATE

The Subscription Shares will be issued under the General Mandate approved on 10 June 2022 and is not subject to the Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 205,132,400 Shares, being 20% of the total number of Shares in issue as at the date of the annual general meeting of the Company held on 10 June 2022.

As at the date of this announcement, the Company has utilised 21,664,899 Shares under the General Mandate, representing approximately 10.56% of the General Mandate and each of the 91,733,750 Subscription Shares and Loan Capitalisation Shares represents approximately 44.72% of the General Mandate. Upon the completion of the Subscription and the Loan Capitalisation, only one Share can be issued under the General Mandate.

LISTING APPLICATION

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Loan Capitalisation Shares.

REASONS FOR THE SUBSCRIPTION AND THE LOAN CAPITALISATION

The Company is an investment holding company and the Group is an online platform focusing on the CBM (children, babies, and maternity) market in China and provides users with content, community, new media, e-commerce, smart hardware and other related services through a portfolio of websites and mobile applications.

With respect to the Subscription, the Group intends to raise additional funding through the issuance of the Subscription Shares to improve the Group's financial position and for the repayment of the Group's outstanding professional fees and expenses and general working capital purpose. The Directors consider that the Subscription represents an opportunity for the Group to reduce its liabilities and broaden the capital base and Shareholder base of the Company.

With respect to the Loan Capitalisation, the Directors consider that the Loan Capitalisation will allow the Company to early settle part of the Outstanding Loan without utilising existing financial resources of the Company while reducing the gearing level of the Group and hence strengthening the financial position of the Group.

The Directors consider the terms of the Subscription Agreement and the Loan Capitalisation Agreement, which were negotiated on an arm's length basis and agreed on normal commercial terms between the parties thereto, are fair and reasonable, and the Subscription and Loan Capitalisation are in the interests of the Company and Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Subscription will be HK\$2.1 million and the net proceeds from the Subscription, after deduction of the expenses related to the Subscription of approximately HK\$200,000, is estimated to be approximately HK\$1.9 million, which is intended to be used for repayment of part of the Group's outstanding professional fees and expense of the Group. The net subscription price per Subscription Share will be approximately HK\$0.021. Based on the closing price of HK\$0.028 per Share on the date of the Subscription Agreement, the Subscription Shares have a market value of HK\$2,568,545.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of Loan Capitalisation (but assuming no completion of Subscription); (iii) immediately after completion of the Subscription (but assuming no completion of the Loan Capitalisation) and (iv) immediately after completion of the Subscription and Loan Capitalisation are as follows:

| Name of Shareholders | At the date of this announcement | | Immediately after completion of Loan Capitalisation (but assuming no completion of Subscription) | | Immediately after completion of the Subscription (but assuming no completion of the Loan Capitalisation) | | Immediately after completion of the Subscription and the Loan Capitalisation | |
|--|----------------------------------|---------------|--|---------------|--|---------------|--|---------------|
| | Number of issued Shares | % | Number of issued Shares | % | Number of issued Shares | % | Number of issued Shares | % |
| Loyal Alliance Management Limited (" Loyal Alliance ") (Note 1) | 147,351,410 | 14.07 | 147,351,410 | 12.94 | 147,351,410 | 12.93 | 147,351,410 | 11.97 |
| Maria Rachel Mai Decolongon Tatoy (Note 2) | 156,059,945 | 14.90 | 156,059,945 | 13.69 | 156,059,945 | 13.70 | 156,059,945 | 12.68 |
| Victory Glory Holdings Limited (" Victory Glory ") (Note 3) | 120,000,000 | 11.46 | 120,000,000 | 10.53 | 120,000,000 | 10.53 | 120,000,000 | 9.75 |
| Properous Commitment Holdings Limited (" Properous Commitment ") (Note 4) | 51,600,000 | 4.93 | 51,600,000 | 4.53 | 51,600,000 | 4.53 | 51,600,000 | 4.19 |
| Ms. Tan | 21,664,899 | 2.07 | 21,664,899 | 1.90 | 113,398,649 | 9.96 | 113,398,649 | 9.21 |
| Creditor | N/A | N/A | 91,733,750 | 8.05 | N/A | N/A | 91,733,750 | 7.45 |
| Other public Shareholders | 550,650,645 | 52.28 | 550,650,645 | 48.34 | 550,650,645 | 48.34 | 550,650,645 | 44.74 |
| Total | <u>1,047,326,899</u> | <u>100.00</u> | <u>1,139,060,649</u> | <u>100.00</u> | <u>1,139,060,649</u> | <u>100.00</u> | <u>1,230,794,399</u> | <u>100.00</u> |

Notes:

1. Loyal Alliance is directly and wholly owned by Ms. Li Juan, a non-executive Director.
2. Ms. Maria Rachel Mai Decolongon Tatoy holds 119,601,612 Shares and 36,458,333 Shares, respectively through her wholly-owned companies, Prime Wish Limited and Bonus Shares Pte. Ltd.
3. Victory Glory is directly and wholly owned by Mr. Cheng Li, an executive Director.
4. Properous Commitment is directly held by TMF Trust (HK) Limited, a professional trustee engaged by the Company for the operation of the share award plan.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

Set out below is the fund-raising activities conducted by the Company during the past twelve months immediately prior to the date of this announcement:

| Date of initial announcement | Event | Net proceeds | Intended use of proceeds |
|-------------------------------------|--|---------------------|---|
| 29 March 2023 | Subscription of new shares under general mandate | HK\$250,000 | Repayment of part of the Group's outstanding professional fees and expense of the Group |
| 4 May 2023 | Subscription of new shares under general mandate | HK\$250,000 | Repayment of part of the Group's outstanding professional fees and expense of the Group |

Save as the abovementioned, the Company has not conducted any other fundraising exercise in the past 12 months immediately preceding the date of this announcement.

As the completion of the Subscription and the Loan Capitalisation are subject to the fulfilment of the condition precedent as stated in the Subscription Agreement and the Loan Capitalisation Agreement respectively, the Subscription and the Loan Capitalisation may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

| | |
|-------------------|---|
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong |
| “Capitalised Sum” | HK\$2,109,877 out of the Outstanding Loan |

| | |
|--------------------------------|--|
| “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) |
| “Convertible Notes” | the outstanding convertible notes due on 30 April 2023 in the principal amount of HK\$14,500,000 |
| “Creditor” | Diligent Ally Private Limited, a limited company incorporated in Singapore |
| “Directors” | directors of the Company |
| “General Mandate” | the general mandate granted by the Shareholders at the annual general meeting of the Company held on 10 June 2022, under which up to a total of 205,132,400 Shares (being up to 20% of the total issued share capital of the Company as at the date of the passing of the relevant resolution, which was 10 June 2022) can be allotted and issued by the Directors |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of The People’s Republic of China |
| “Issue Price” | the issue price of approximately HK\$0.023 per Loan Capitalisation Share for the Loan Capitalisation |
| “Last Trading Day” | 9 June 2023, being the last trading day for the Shares prior to the date of this announcement |
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan Capitalisation” | the allotment and issue of 91,733,750 Loan Capitalisation Shares at the issue price of approximately HK\$0.023 per Loan Capitalisation Share to settle part of the Outstanding Loan pursuant to the terms and conditions of the Loan Capitalisation Agreement |
| “Loan Capitalisation Share(s)” | an aggregate of 91,733,750 new Shares to be allotted and issued to Creditor pursuant to the terms and conditions of the Loan Capitalisation Agreement |

| | |
|---------------------------|--|
| “Long Stop Date” | 2 July 2023 or any other date as agreed in writing between the Subscriber and the Company |
| “Noteholder(s)” | Holder(s) of the Convertible Notes |
| “Outstanding Loan” | the total amount of principal and interest HK\$3.88 million outstanding owing by the Company to Creditor |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | Ms. Tan Chiu Lan Francine |
| “Subscription” | the subscription of 91,733,750 Subscription Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement dated 12 June 2023 entered into between the Company and the Subscriber in relation to the Subscription |
| “Subscription Shares” | new Shares to be issued by the Company to the Subscriber upon completion of the Subscription Agreement |
| “substantial shareholder” | has the meaning ascribed to it in the Listing Rules |
| “%” | per cent |

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

Nanjing, the People’s Republic of China,
12 June 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. Zhao Zhen, Mr. Ge Ning and Mr. Manley Poon.