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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)**

### **(1) PROPOSED ISSUE OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE**

**AND**

### **(2) PROPOSED REFRESHMENT OF GENERAL MANDATE**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



**Capital 9 Limited**

#### **PROPOSED ISSUE OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE**

On 12 September 2023 (after trading hours), the Company entered into a conditional Subscription Agreement with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Notes.

The aggregate subscription price of HK\$28.29 million will be satisfied by fully setting off against the outstanding amounts due by the Company (including the outstanding principal, all outstanding interest as at 12 September 2023 and Extension Fee) to the Subscribers. The Conversion Price of HK\$0.076 represents the closing price of HK\$0.076 per Share as quoted on the Stock Exchange on 12 September 2023, being the date of the Subscription Agreement.

The Convertible Notes carry the conversion rights to convert into 372,952,980 Conversion Shares at the Conversion Price of HK\$0.076 per Conversion Share (subject to adjustment), representing approximately 129.47% of the existing issued share capital of the Company and approximately 58.03% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares.

### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

The Board also proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the EGM.

### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 13.36(4) of the Listing Rules, the Proposed Refreshment of General Mandate is subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM.

### **GENERAL**

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder, and (ii) the Proposed Refreshment of General Mandate. A circular containing (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) details of the Proposed Refreshment of General Mandate; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Proposed Refreshment of General Mandate; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Refreshment of General Mandate; and (v) the notice of the EGM and proxy form, is expected to be despatched to the Shareholders on or before 18 September 2023 as additional time is required to finalise the contents of the circular.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the respective conditions. The Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

### **SUBSCRIPTION AGREEMENT**

On 12 September 2023 (after trading hours), the Company entered into a conditional Subscription Agreement with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Notes.

#### **Date**

12 September 2023 (after trading hours)

## **Parties**

- (1) Issuer: the Company; and
- (2) Subscribers: Diligent, Ms. Deng and Ms. Gong

Diligent, an investment holding company incorporated in Singapore with limited liability, is wholly-owned by Lee Yong Soon, a merchant and professional investor. As at the date of the announcement, Diligent is a Shareholder holding 18,346,750 Shares, representing approximately 6.37% of the issued share capital of the Company (or 2.85% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares). Diligent also holds the Existing Convertible Notes, which was due on 30 April 2023 with an outstanding sum of HK\$24.51 million (including the outstanding principal, all outstanding interest as at 12 September 2023 and Extension Fee). As the Existing 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 Existing Convertible Notes have passed, therefore the Existing Convertible Notes could not be converted into Shares.

Both Ms. Deng and Ms. Gong are professional investors. As at the date of the announcement, the Group owed an outstanding sum (including outstanding principal, accrued and outstanding interest as at 12 September 2023 and Extension Fee) of HK\$1.17 million and HK\$2.61 million to each of Ms. Deng and Ms. Gong, respectively, which fell due on 25 August 2023 under the Existing Loan Agreements.

Save as disclosed above, each of the Subscribers and their ultimate beneficial owner (if relevant) is a third party independent and not connected with the Company and any of its connected persons.

## **Extension Fee**

As the Existing Convertible Notes and the Existing Loan were overdue and in consideration of entering into the Subscription Agreement, the Company agreed to pay an extension fee (the “**Extension Fee**”) in the sum of HK\$1,167,164, HK\$55,550 and HK\$124,347 to Diligent, Ms. Deng and Ms. Gong, respectively, representing a 5% of the outstanding principal and interest owed to each party. The Extension Fee shall form part of the subscription amount of the Subscription Agreement.

## **Subject matter**

Subject to fulfilment of the conditions precedent to the Subscription as set out below, Diligent, Ms. Deng and Ms. Gong shall subscribe for the Convertible Notes in principal amount of HK\$24.51 million, HK\$1.17 million and HK\$2.61 million, respectively, under the Subscription Agreement and the said amounts shall be satisfied by fully setting off against the outstanding amounts due by the Company (including the outstanding principal, all outstanding interest as at 12 September 2023 and Extension Fee) to the Subscribers. The Subscription of the Subscribers is not inter-conditional.

## Conditions precedent to the Subscription

### *Conditions precedent to the Subscribers' obligations*

The obligations of each Subscriber to subscribe for the Convertible Notes from the Company are subject to the fulfilment (or waiver) of, among others, the following conditions precedent (save and except Company's obligation (iv) which could not be waived by the Subscribers) on or before the Completion Date:

- (i) the execution and delivery of the Subscription Agreement by the Company;
- (ii) all the representations and warranties of the Company contained in the Subscription Agreement being true, complete and accurate in all respects and not misleading in any respect;
- (iii) a copy, certified as true copy by a director or secretary of the Company or by the Company's legal counsel, of the resolutions of the Board which are in full force and effect, approving the Subscription Agreement (to the extent it is a party) and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Notes to the Subscribers);
- (iv) the delivery of a copy, of the listing approval issued by the Stock Exchange in connection with the new Shares issuable upon the exercise of the conversion right under the Convertible Notes;
- (v) the announcement to be issued by the Company in relation to the issuance of the Convertible Notes (on the terms set out in the Subscription Agreement) shall have been made in accordance with the applicable laws, if applicable;
- (vi) there shall not have been any suspension of the trading of the Shares on the Stock Exchange for any reason or cessation of trading of the Shares on the Stock Exchange for any reason during the period between the date of the Subscription Agreement and the Completion Date (save for the purposes of clearing an announcement in respect of the issue of the Convertible Notes pursuant to the Subscription Agreement);
- (vii) from the date of the Subscription Agreement to the Completion Date, the Company or any Group Company is not in breach of or in default under any agreement to which the Company is a party or by which the Company may be bound which, has or could have a material adverse effect on the Company or any Group Company;
- (viii) there shall not have occurred (i) any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls; (ii) a general moratorium on commercial banking activities in Cayman Islands, Hong Kong or the PRC by any governmental authority; (iii) an outbreak or escalation of hostilities or act of terrorism, and which, with respect to any of (i) to (iii) above, individually or in aggregate, is or is likely to have a material adverse effect; or (iv) a suspension or limitation of trading in securities generally on the Stock Exchange;

- (ix) the Shareholders passing the necessary resolution(s) at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares; and
- (x) there being no governmental authority or other person that has:
  - (i) requested any information in connection with or instituted or, threatened any action or investigation to restrain, prohibit or otherwise challenge the subscription for the Convertible Notes by the Subscriber and/or its nominees, or the other transactions contemplated by the relevant Subscription Agreement or related transaction documents to which the Subscriber is a party;
  - (ii) threatened to take any action as a result of or in anticipation of the subscription for the Convertible Notes by the Subscriber and/or its nominees, or the other transactions contemplated by the relevant transaction documents to which the Subscriber is a party; or
  - (iii) proposed or enacted any applicable laws which would prohibit, materially restrict or materially delay the subscription for the Convertible Notes by the Subscriber and/or its nominees, or the other transactions contemplated by the relevant transaction documents to which the Subscriber is a party and/or the operation of any Group Company after the Completion.

*Conditions precedent to the Company's obligations*

The obligations of the Company to complete the issuance of the Convertible Notes are subject to fulfillment (or waiver) of all of the following conditions precedent on or before the Completion Date:

- (a) the delivery of the Subscription Agreement by the Subscribers;
- (b) all the representations and warranties of each Noteholder contained in the Subscription Agreement being true, complete and accurate in all respects and not misleading in any respect;
- (c) each Noteholder shall have performed and complied with all covenants, agreements, obligations and conditions contained in the Subscription Agreement that are required to be performed or complied with by it; and
- (d) each Noteholder shall have duly attended to and carried out all corporate procedures that are required under the laws of its place of incorporation or establishment to effect its execution, delivery and performance of the Subscription Agreement to which it is as a party, and the transactions contemplated hereby and thereby.

In the event that the conditions of the Subscriptions are not fulfilled by 31 December 2023 or such other time and date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and neither the Company nor the Subscriber shall have any claim against the other save for any antecedent breaches of the terms thereof.

As at the date of this announcement, none of the conditions precedent of the Subscription Agreement has been fulfilled.

## **Completion**

Completion shall take place within 14 Business Days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the respective parties).

## **Principal terms of the Convertible Notes**

- Issuer:** The Company
- Principal amount:** HK\$28,288,270
- Maturity Date:** The Convertible Notes shall mature on the date of the sixth month of the date of issue thereof.
- Interest:** The Convertible Notes shall bear interest at rate of 8.0% per annum and is payable on the maturity date and calculated on the basis of 365 days per year. No interest is payable upon conversion of the Convertible Notes into Conversion Shares pursuant to the conditions of the Convertible Notes.
- Voting Rights:** The Noteholder(s) will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the holder of the Convertible Notes.
- Ranking:** The payment obligations of the Company under the Convertible Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- The Conversion Shares issued upon conversion of the Convertible Notes will in all respects rank *pari passu* with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date.
- Listing:** The Convertible Notes will not be listed on the Stock Exchange or any other stock exchange. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

- Redemption:** Unless previously converted or redeemed, the Convertible Notes will be redeemed by the Company on the maturity date at its principal amount outstanding. The Noteholders may require the Company to redeem the Convertible Notes at the redemption price on occurrence of any event of default specified in the terms of the Convertible Notes.
- Transferability:** The Convertible Notes can be assigned or transferred in accordance with the terms of the instrument of the Convertible Notes in an amount of not less than HK\$500,000 by the Noteholders to third party. In the event that a Noteholder proposes to assign or transfer the whole or any part of the outstanding principal amount of its Convertible Note, the Company shall have an early redemption right to redeem in whole or in part of the outstanding principal amount of the Convertible Note proposed to be transferred and if such right is not fully exercised, other existing Noteholders shall have a right of first refusal to subscribe the remaining outstanding principal amount of the Convertible Note not redeemed by the Company from the Noteholder in proportion to the aggregate outstanding principal amounts of the Convertible Note as held by such Noteholders.
- The Convertible Notes can only be assigned or transferred to an independent third party and the new Noteholder shall execute a deed of adherence such that it/he/she will be bounded by the Subscription Agreement.
- Number of Conversion Shares to be issued:** Provided that (i) any conversion of the Convertible Note triggering a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder which exercised the conversion rights shall comply with the applicable laws and the Takeovers Code; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any time in compliance with the Listing Rules and the right of the Company to redeem, the Noteholder shall have the right at any time from the date of issue of the Convertible Notes up to the maturity date to convert the whole or part of the outstanding principal amount of the Convertible Notes registered in its name into Shares.

Adjustment of  
conversion price:

The conversion price of HK\$0.076 per Share is subject to adjustments in the case of the following customary anti-dilution events, (i) consolidation or subdivision of Shares, (ii) capitalisation of profits or reserves, (iii) capital distribution, (iv) issue of Shares as a class by way of rights, or issue or grant of options, warrants or other rights to subscribe for or purchase any Shares to all or substantially all of the Shareholders at less than market price, (v) issue of any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) as a class by way of rights, or grant of options, warrants or other rights to subscribe for or purchase the said securities to all or substantially all of the Shareholders, (vi) issue of Shares wholly for cash, or issue or grant (other than as mentioned in (iv) above) of any options, warrants or other rights to subscribe for or purchase Shares at less than market price, (vii) issue of any securities (other than the Convertible Notes) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion, exchange or subscription at less than market price; (viii) any modification of the rights of conversion or exchange or subscription attaching to securities in (vii) above so that the consideration per Share is less than market price, (ix) issue, sale or distribution of any securities in connection with an offer pursuant to which the Shareholders of the Company are generally entitled to participate in arrangements whereby such securities may be acquired by them; and (x) issue of any Shares, or issue or grant of any options, warrants, convertible notes or other rights to subscribe or purchase Shares, in each case at a price per Share less than the Conversion Price then in force, or issue of other securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Share less than the Conversion Price then in force.

Events of default:

The Convertible Notes will contain events of default provisions which provide that on the occurrence of certain events of default specified in the conditions of the Convertible Notes (e.g. default of the Company in the performance or observance of or compliance with its obligations set out in the Subscription Agreement, insolvency and liquidation), each of the Noteholders shall be entitled to demand for immediate redemption of the Convertible Notes in whole or in part and an additional interest at the rate of 18% per annum shall accrue on the outstanding principal amount of the Convertible Note.



## **Conversion Shares**

Based on the Conversion Price of HK\$0.076 per Conversion Share, a maximum number of 372,952,980 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent: (i) approximately 129.47% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 58.03% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes in full.

## **Conversion Price**

The Conversion Price of HK\$0.076 per Share represents:

- (i) the closing price of HK\$0.076 per Share as quoted on the Stock Exchange on 12 September 2023, being the date of the Subscription Agreement; and
- (ii) a premium of approximately 2.15% to the average closing price of HK\$0.0744 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Mandate to issue the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

## **REASONS FOR THE SUBSCRIPTION AGREEMENT**

The Company, together with its subsidiaries, is a leading vertical online platform for Children-Babies-Maternity market in China.

The Existing Convertible Notes which has been overdue since 1 May 2023 and the Company is in financial difficulty. As the Existing Convertible Notes could 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 have passed, the Existing Convertible Notes could not be converted into Shares pursuant to the terms and conditions of the Existing Convertible Notes. The Company has on 21 August 2023 received a statutory demand from Diligent demanding the Company to pay the amount of over HK\$23 million, being the outstanding principal and interest of the Existing Convertible Notes. This, together with the Existing Loan, hampers the Company's ability to access the normal credit and has put the Company in the vicious cycle of limited cash flow and limited operation. To solve this problem, the Company has reached the agreement with Diligent and the Creditors to fully set off and cancel the Existing Convertible Notes and the Existing Loan Agreements and replace them with the Convertible Notes. The Company

would be able to save the significant amount of accumulating interests under the currently outstanding liabilities. The Subscription will greatly improve the Company's balance sheet given the six-month Convertible Notes. There is also a realistic probability the Convertible Notes to be converted into equity and hence cutting the Company debt completely. For details of the outstanding liabilities of the Group, please refer to the announcement of the Company dated 31 August 2023.

### **Foreseeable company operating revenues not likely to support repayment**

As disclosed in the interim report of the Company for the six months ended 30 June 2023, the cash and cash equivalents of the Group for the six months ended 30 June 2023 was approximately HK\$5.3 million, which is insufficient to repay the outstanding amount of over HK\$27 million, being the outstanding amount of the Existing Convertible Notes and the Existing Loan. Such amount represents only a small fraction of the outstanding amount of the Existing Convertible Notes. There is little prospect the Company can generate nearly enough cash flow to repay the Existing Convertible Notes and the Existing Loan.

### **External financing to settle the Existing Convertible Notes and Existing Loan are unrealistic**

In respect of bank borrowings, given the Company's profitability, cash flow, and financial position, it is not likely to be able to access the normal banking credit or the debt capital markets for financing as it will probably not pass the necessary lending criteria risk assessment. It cannot demonstrate any meaningful cash flow support for a large scale financing needed for the Convertible Notes repayment. It is also impracticable for the Company to obtain financing from the debt capital markets on terms favourable to the Group in the absence of material assets as security and in light of the net current liabilities of the Group. Notwithstanding this, the Company did explore opportunities to seek for potential banking facility or bank loans and the Company has commenced to approach a number of financial institutions. However, the Company did not receive any positive response.

Based on the above, in particular that (i) the Group's weak financial position such as its loss-making in recent years and is in net current liabilities position; (ii) the Group is not expected to have sufficient internal resources to repay the Existing Convertible Notes and Existing Loan; (iii) the Subscription reduces the indebtedness of the Group and provides it with an extension of time to repay its indebtedness which has a high likelihood to be eliminated due to conversion into equity; and (iv) any other financing alternative in the scale of the Existing Convertible Notes is unrealistic, the Directors are of the view that the terms of the Convertible Notes are in the interests of the Company and its Shareholders as a whole and that the Subscription is the appropriate method to settle the Existing Convertible Notes held by Diligent and the Existing Loan owed to the Creditors.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the Conversion Price (assuming that, there are no other changes to the issued share capital of the Company from the date of this announcement):

	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the Conversion Price (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement) (Note 1)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Victory Glory Holdings Limited (“ <b>Victory Glory</b> ”) (Note 2)	24,000,000	8.33	24,000,000	3.73
Properous Commitment Holdings Limited (“ <b>Properous Commitment</b> ”) (Note 3)	10,320,000	3.58	10,320,000	1.61
<b><i>The Subscribers</i></b>				
Diligent	18,346,750	6.37	322,505,855	50.18
Ms. Deng	—	N/A	15,349,276	2.39
Ms. Gong	—	N/A	35,097,849	5.46
<b><i>Public Shareholders</i></b>				
Maria Rachel Mai Decolongon Tatoy (Note 4)	50,562,270	17.55	50,562,270	7.87
Tan Chiu Lan Francine	22,679,729	7.87	22,679,729	3.53
Other public shareholders	162,143,204	56.29	162,143,204	25.23
Total	<u>288,051,953</u>	<u>100.00</u>	<u>642,658,183</u>	<u>100</u>

### Notes:

1. This is for illustrative purpose only as under the terms of the Convertible Notes, conversion which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code shall comply with the applicable laws and conversion which will cause the public float of the Shares to be less than 25% (or any given percentage under the Listing Rules) is prohibited.
2. Victory Glory is directly and wholly owned by Mr. Cheng Li, an executive Director.

3. Properous Commitment is directly held by TMF Trust (HK) Limited, a professional trustee engaged by the Company for the operation of the share award plan.
4. Ms. Maria Rachel Mai Decolongon Tatoy holds 23,920,322 Shares and 7,291,666 Shares, respectively through her wholly-owned companies, Prime Wish Limited and Bonus Shares Pte. Ltd and has personal interest of 19,350,282 Shares.

## **PROPOSED USE OF PROCEEDS**

Since the aggregate subscription price of HK\$28.29 million will be satisfied by the Existing Convertible Notes held by Diligent and the Existing Loan owed to the Creditors and the outstanding Extension Fee owed to the Subscribers, there will be no additional cash or fund injected into the Company upon Completion.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has conducted the following fundraising activity in the past twelve months immediately preceding the date of this announcement:

<b>Date of initial announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended and actual use of proceeds</b>
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
12 June 2023	Subscription of new shares under general mandate	HK\$1.9 million	Repayment of part of the Group's outstanding professional fees and expense of the Group and general working capital purpose
11 July 2023	Subscription of new shares under general mandate	HK\$6.1 million	Repayment of part of the Group's outstanding professional fees and expenses and general working capital purpose

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

## **PROPOSED REFRESHMENT OF GENERAL MANDATE**

The Board also proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the EGM.

### **Existing General Mandate**

At the annual general meeting of the Company held on 15 June 2023, the Shareholders approved, among other things, the grant of the Existing General Mandate which authorised the Directors to allot, issue and deal with not more than 41,893,075 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 and taking into account of the share consolidation which was effective on 19 June 2023).

### **Proposed Refreshment of General Mandate**

Subject to the Independent Shareholders' approval of the Proposed Refreshment of General Mandate, and assuming that no other Shares will be issued and/or repurchased by the Company on or prior to the date of the EGM, the Shares in issue as at the date of the EGM would be 288,051,953 Shares, which means that under the Proposed Refreshment of General Mandate, the Directors would be authorised to allot, issue and deal with not more than 57,610,390 new Shares, representing 20% of the Shares in issue as at the date of this announcement. The Proposed Refreshment of General Mandate will, if granted, expire at the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws and regulations of the Cayman Islands to be held; or (iii) the date on which the authority set out in the resolution for the approval of the Proposed Refreshment of General Mandate is revoked or varied by the passing of an ordinary resolution of the Shareholders in general meeting.

### **Reasons for the Proposed Refreshment of General Mandate**

On 29 July 2023, the Company issued 41,893,074 new Shares to Ms. Wu Saiya and XI-F-AI PTE. LTD. at HK\$0.1525 per Share pursuant to the terms and conditions of the subscription agreements dated 11 July 2023. The allotment and issuance of the aforementioned new shares utilised approximately 100% of the total number of Shares to be allotted and issued under the Existing General Mandate and only one Share may be further issued under the Existing General Mandate.

The Directors have considered other financing alternatives apart from equity financing by issuance of new Shares under general mandate such as debt financing, right issue or open offer to meet the funding needs of the Group, if appropriate, taking into consideration the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. It is considered that the debt financing may be subject to lengthy due diligence and negotiations as compared to the equity financing available to the Directors, and also the upward trend of interest rates will burden the financial conditions and cash-flow of the Group. With respect to equity financial approaches, substantial time and costs will be incurred to complete as compared to equity financing by issuance of new

Shares under general mandate. Therefore, the Directors believe that as compared with the alternative financing means, the Proposed Refreshment of General Mandate allows the Company to have sufficient flexibility to grasp appropriate fund-raising opportunities during the period and to avoid uncertainties given the current market conditions.

As the Existing General Mandate has been almost fully utilised and the next annual general meeting of the Company is expected to be held in June 2024, the Proposed Refreshment of General Mandate will provide flexibility for the Company to issue new Shares before the forthcoming annual general meeting. While the Company has not formulated any concrete plan for raising capital or capitalisation of debts by issuing new Shares under the Proposed Refreshment of General Mandate, the Proposed Refreshment of General Mandate will enable the Company to capture better timing for fund raising and replenish the Company's working capital before the next annual general meeting.

Having considered the above reasons, the Directors consider that the Proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

### **Listing Rules implications**

As the Proposed Refreshment of General Mandate is to be proposed to the Shareholders prior to the next annual general meeting of the Company, pursuant to Rule 13.36(4) of the Listing Rules, this proposal is subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Zhao Zhen, Mr. Ge Ning and Mr. Manley Poon, has been established to consider the terms of the Proposed Refreshment of General Mandate and advise the Independent Shareholders as to whether the terms of the Proposed Refreshment of General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Capital 9 Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Refreshment of General Mandate and to make recommendation on voting.

### **EGM**

The EGM will be held and convened for the Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and Proposed Refreshment of General Mandate. Any Shareholder who is interested in the Subscription shall abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save for Diligent and its associates, no Shareholder is interested in the Subscription and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transaction contemplated thereunder at the EGM.

Further, according to Rule 13.36(4) of the Listing Rules, any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve any refreshments of the general mandate.

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Company has no controlling shareholders. As a result, Mr. Cheng Li, being an executive Director, together with his associates are required to abstain from voting in favour of the ordinary resolution regarding the Proposed Refreshment of General Mandate at the EGM.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 28 September 2023 to Wednesday, 4 October 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer of shares of the Company accompanied by the relevant share certificate(s) and appropriate transfer form(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 September 2023.

## **GENERAL**

A circular containing (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) details of the Proposed Refreshment of General Mandate; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Proposed Refreshment of General Mandate; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Refreshment of General Mandate; and (v) the notice of the EGM and proxy form, is expected to be despatched to the Shareholders on or before 18 September 2023 as additional time is required to finalise the contents of the circular.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the respective conditions. The Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## **DEFINITIONS**

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors

“Business Day(s)”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Parenting Network Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (Stock Code: 1736)
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date when Completion takes place
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Conversion Price”	initially the conversion price of HK\$0.076 per Conversion Share, subject to adjustment
“Conversion Shares”	the Share(s) to be allotted and issued upon conversion of the Convertible Notes or otherwise pursuant to the terms and conditions of the Convertible Notes
“Convertible Notes”	the redeemable fixed coupon Convertible Notes in the aggregate principal amount of HK\$28.29 million to be issued by the Company in accordance with the terms of the Subscription Agreement
“Creditors”	Ms. Deng and Ms. Gong
“Diligent”	Diligent Ally Private Limited, a company incorporated in Singapore with limited liability
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder and the Proposed Refreshment of General Mandate
“Existing Convertible Notes”	the redeemable fixed coupon convertible notes issued by the Company pursuant to the amended convertible note instrument dated 29 March 2022 with an outstanding principal and interest amount of HK\$23.34 million as at the date of the announcement, which was matured on 30 April 2023



“Existing General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 15 June 2023, under which up to a total of 41,893,075 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 15 June 2023 and taking into account of the share consolidation which was effective on 19 June 2023) can be allotted and issued by the Directors
“Existing Loan”	the outstanding amount to be repaid by the Company under the terms of the Existing Loan Agreements
“Existing Loan Agreements”	the loan agreements entered into between the Group and each of Ms. Deng and Ms. Gong dated 18 August 2023 with an outstanding principal and interest amount of HK\$1.11 million and HK\$2.49 million, respectively
“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 PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in relation to the Proposed Refreshment of General Mandate
“Independent Financial Adviser”	Capital 9 Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment of General Mandate and to make recommendations on voting
“Independent Shareholders”	Shareholder(s) other than the controlling shareholders and their associates or, if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and their respective associates
“Last Trading Day”	11 September 2023, being the last trading day immediately before the issue of this announcement and the date of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Ms. Deng”	Ms. Deng Jingjing (鄧菁菁)
“Ms. Gong”	Ms. Gong Yanping (龔燕萍)
“Noteholder(s)”	the holder of the Convertible Notes
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Refreshment of General Mandate”	the new general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at date of passing of the relevant resolution
“SFO”	The Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to allot and issue the Conversion Shares to be sought from the Shareholders at a EGM of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Diligent, Ms. Deng and Ms. Gong
“Subscription”	the proposed subscription of the Convertible Notes by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 September 2023 and entered into between the Company as issuer and the Subscribers as subscribers in relation to the issue of the Convertible Notes
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board  
**China Parenting Network Holdings Limited**  
**CHENG LI**  
*CEO*

Nanjing, the People’s Republic of China, 12 September 2023

*As at the date of this announcement, the executive Directors are Mr. Zhang Lake Mozi, Mr. Cheng Li, Mr. Lin Luofeng and Ms. Ng Kwok Ying Isabella; the non-executive Directors are Ms. Li Juan and Mr. Zhang Haihua; and the independent non-executive Directors are Mr. Zhao Zhen, Mr. Ge Ning and Mr. Manley Poon.*