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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)

**ANNOUNCEMENT OF THE INTERIM RESULTS
FOR SIX MONTHS ENDED 30 JUNE 2020**

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 unaudited condensed consolidated results of the Group for six months ended 30 June 2020 (the “**Period**”). This announcement, containing the full text of the 2020 interim report of the Company, complies with the relevant requirements of the Rules (the “**Listing Rules**”) Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. This results announcement is published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ci123.com>). The 2020 interim report of the Company will be despatched to the shareholders of the Company and published on both of the above websites on or before 30 September 2020.

By order of the Board
China Parenting Network Holdings Limited
Cheng Li
Executive Director and Chief Executive Officer

Nanjing, the People’s Republic of China, 31 August 2020

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

CONTENTS

	Pages
Corporate Information	02
Highlights	04
Management Discussion and Analysis	05
Corporate Governance and Other Information	23
Interim Condensed Consolidated Statement of Profit or Loss	31
Interim Condensed Consolidated Statement of Comprehensive Income	32
Interim Condensed Consolidated Statement of Financial Position	33
Interim Condensed Consolidated Statement of Changes in Equity	34
Interim Condensed Consolidated Statement of Cash Flows	35
Notes to the Interim Condensed Consolidated Financial Statements	37

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Li
Mr. Hu Qingyang
Mr. Zhang Lake Mozi (*Chairperson of the Board*)

Non-Executive Directors

Ms. Li Juan
Mr. Wu Haiming
Mr. Zhang Haihua

Independent Non-Executive Directors

Mr. Wu Chak Man
Mr. Zhao Zhen
Mr. Ge Ning

BOARD COMMITTEES

Audit Committee

Mr. Wu Chak Man (*Chairperson*)
Ms. Li Juan
Mr. Ge Ning

Nomination Committee

Mr. Zhang Lake Mozi (*Chairperson*)
(*appointed on 31 July 2020*)
Mr. Zhao Zhen
Mr. Ge Ning
Ms. Li Juan
(*resigned as the chairperson of the nomination committee with effect from 31 July 2020*)

Notes:

Ms. Li Juan has resigned as chairperson of the Board with effect from 31 July 2020.
Mr. Zhang Lake Mozi has been appointed as chairperson of the Board with effect from 31 July 2020.
Mr. Hsieh Kun Tse has resigned as a non-executive Director with effect from 31 July 2020.
Mr. Zhang Haihua has been appointed as a non-executive Director with effect from 31 July 2020.

Remuneration Committee

Mr. Ge Ning (*Chairperson*)
Mr. Zhao Zhen
Mr. Cheng Li

COMPANY SECRETARY

Mr. Zhang Lake Mozi

AUTHORISED REPRESENTATIVES

Mr. Cheng Li
Mr. Zhang Lake Mozi

AUDITOR

Baker Tilly Hong Kong Limited

LEGAL ADVISERS TO OUR COMPANY

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CORPORATE INFORMATION

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Hong Kong

PRINCIPAL BANK

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Nanjing, Jiangsu Province, The PRC

STOCK CODE

1736

COMPANY WEBSITE

www.ci123.com

HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of China Parenting Networking Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group" or "we") is submit herewith to announce the unaudited condensed consolidated interim results of the Group for six months ended 30 June 2020 (the "Period").

	For the six months ended	
	30 June 2020	30 June 2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	32,206	50,857
Gross profit	6,279	30,906
(Loss)/profit for the Period	(20,776)	12,483
Total (loss)/profit for the Period attributable to:		
Owners of the parent	(16,407)	12,530
Non-controlling interests	(4,369)	(47)

- During the Period, in terms of the sum volume of data of "Pregnancy Reminder" (孕育提醒) APP and the "Mother Zone (媽媽社區)" APP, two major mobile APPs of CI Web of the Company, the MAU and DAU increased by 38% and 37%, respectively, as compared to those of last year.
- During the Period, as a pioneer in the digitalization of the maternal and infant industry, with its six major capabilities following the pandemic such as brand targeted marketing, brand digitization, MCN support, information platform, full-scenario-based SaaS, full-scenario customer acquisition, the Group has focused on consolidating and optimizing its comprehensive ecological platform, externally empower maternal and child brands and enterprises to carry out digital transformation solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading vertical online platform for the Children-Babies-Maternity (“CBM”) market in China, aiming at providing users with value-added services like new media, contents, community, smart hardware, e-commerce and cross-border services with such platforms as the CI Web (育兒網), mobile CI Web, mobile APPs and the IPTV APP, creating a one-stop mother-child experience platform. In terms of the total volume of data of mobile APPs of the Company (representing the sum volume of data of “Pregnancy Reminder” (孕育提醒) APP and the “Mother Zone (媽媽社區)” APP, two major mobile APPs of CI Web), the MAU and DAU aggregated 15.24 million and 3.30 million respectively as of 30 June 2020, representing an increase of 38% and 37%, respectively, as compared to those of last year.

In the post-pandemic era, the prevention and control on the epidemic became a normalized trend. As a double-edged sword, the pandemic not only accelerated the change of the rules in the mother-child industry, and also facilitated the transformation, upgrading and integration of the industry at a faster pace. CI Web has shifted to a comprehensive ecological platform boasting six major capabilities such as brand targeted marketing, brand digitization, MCN support, information platform, full-scenario-based SaaS, full-scenario customer acquisition from a single mother-child portal. We will further drive our brand to go through transformation to achieve targeted marketing, full-scenario customer acquisition following the pandemic.

During the period, the Group prioritized and promoted the progress of transformation for digitization of the mother-child industry, connecting the various ecosystems in the platform capitalizing on its contents, technological strengths and database. It provided diversified and multiple-scenario services under the household-consumption orientation, aiming to the facilitation of digital transformation among mother-child brands, entities and enterprises. It also gave access to solutions for digital efficiency enhancement. Empowered by the content matrix, data and technology platforms, CI Web strategically joined force with various brands by proceeding with CRM management, users marketing and big data analysis and other improvement by means of digitization. Furthermore, the comprehensive ecosystem platform of CI Web also empowered bricks and mortar clinics through medical SaaS system, supported small- and medium-early education institutions nationwide with comprehensive education system and further pushed forward transformation into digitization of early education institutions.

Relying on BABYFACE data analysis platform, the Group precisely identified mother-child population through smart big-data management. It brought its digitization experiences into full play to design smart marketing strategy, widely promoting its own platform. The “Mother Zone” (媽媽社區) APP of the CI Web, by pooling the advantages of the whole platform, built the IP “Pursuit of Babies among Pregnant Girls” (膨脹女孩奪寶孕動) as its annual campaign. Meanwhile, in cooperation with TikTok (抖音) APP under ByteDance, Toutiao (今日頭條) and other platforms, the Group launched out a wide variety of video programs, thematic interesting activities for sourcing new users from various channels. In addition, with its online and offline efforts, the Group helped mitigate stress in parenting families with quality materials during the pandemic and gave support to our brand in providing mental education in the course of knowledge promotion. By means of the foregoing efforts, both our user size and awareness of the platform have witnessed remarkable enhancement.

MANAGEMENT DISCUSSION AND ANALYSIS

CI Web continued to strengthen cooperation with third parties to achieve complementary advantages and mutual benefit. During the Period, CI Web cooperated with W+ Club (育悦荟), a mother-child health management platform. CI Web provides mother-child health management services for the membership covering more than 50 mother-child ecological alliance brands. By leveraging our advantages as to mother-child themed “contents, operation and technology”, we provided personalized services and health solutions for mother-child family, and empowered related mother-child industries for promoting marketing and conversion among members. As a long-term partner of Pinduoduo (拼多多) in respect of mother-child products and services, CI Web provides multi-form and all-dimensional content support for its “Parent-Child Festival”. Alternatively, we chose by way of livestreaming platforms to answer question in relation to mother-child population and interpret the parenting knowledge. Moreover, CI Web reached a friendly strategic cooperation with Haier. By utilizing the Haier APP as a platform for launching our quality parenting Q&A, we assisted families in dealing with parenting challenges in the interactive and interesting scenarios. In this manner, we collectively designed smart solutions for families and explored more opportunities for cooperation under offline situation.

In terms of public welfare and social responsibilities, CI Web united numerous enterprises in the mother-child industry to donate supplies for baby and children to designated hospitals for treating children infected by novel coronavirus, such as Wuhan Children’s Hospital. Peer-to-peer communication between the Company and these hospitals made the whole donation process transparent and standardised to help children patients to be comforted and accompanied during quarantine. During the Period, Mr. Zhang Lake Mozi, the representative of the Group, was invited to attend the charity activities with the attendance of children afflicted with certain particular diseases. The Group were always providing charity-caring donation, company and guidance for the child patients recovering from various diseases in their personal visit at times.

OUTLOOK

The Group will keep helping mother-child brands and enterprises in the pursuit of targeted marketing, full-scenario customer acquisition and digitalized transformation in the areas of online operation, family travel, new retail, health, education and entertainment of mother-child topics. With its platform-wide and multiple-dimension empowering, the Group will facilitate the mother-child businesses and brand owners to embrace new opportunities in the post-pandemic era.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison of the business target and the actual business progress

The following table shows the comparison between the actual business progress during the six months ended 30 June 2020 and the plans set out in the prospectus dated 30 June 2015:

Business Target	Particulars	Actual business progress during the period from 1 January 2020 to 30 June 2020
Strengthening research and development capabilities in terms of contents and service-related products	<p>Increasing original contents in the Platform and improve user interface;</p> <p>Developing new web-based and Mobile APPs CBM products to maintain market position;</p> <p>Developing interactive family entertainment system products, early learning products and early learning centre management system.</p>	<ul style="list-style-type: none"> The Group incessantly consolidated its capabilities for production and output of original contents with vital investment and support to short video and interesting graphics to display sense of professionalism and enrichment, so as to enhance attractiveness and improve loyalty of users. During the period, the flagship cartoon program named All About Parenting (育兒你造麼) under CI Web was formally upgraded, to which a new short video series of family-themed drama was added. As a brand new streaming media characterized by organization, verticality, personalization, the program accommodates to the preference of users, demonstrates a sense of organization, verticality, personalization, thereby user loyalty was further enhanced. As the core product of the Group, “Mother Zone” APP continually built mother-child ecosystem circle with dynamic presence. During the period, the contents in the “Mother Zone” experienced a further upgrading in all respects. In addition to module as to regular community life, it was further expanded into audio, video, early education, two-dimensional game modules, enhancing its functions in terms of parenting and social activities. During the period, two major IPs were added to the “Mother Zone”, giving support to our brand in providing mental education in the course of knowledge promotion; besides, external cooperation with audio platform, interactive games and so forth was continually expanded to produce in-depth contents and implant education simulation games, which played a key role in the significant increase of the users’ retention rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Target	Particulars	Actual business progress during the period from 1 January 2020 to 30 June 2020
		<ul style="list-style-type: none">By analyzing behavior trajectory of users in various stages, the “Pregnancy Reminder” APP rolled out multi-functional tools matrix that adapt to diversified demands of users. For more engagement in daily usage of users’ mobiles devices, the “Pregnancy Reminder” of the Group cooperated with Huawei to implant the “Pregnancy Reminder” APP into Huawei Smart Screen (華為智慧屏), which filled its vacancy in mother-child service module and brought diversification to the same. Moreover, “Pregnancy Reminder”, in cooperation with vivo, had its presence in Quick App platform (快應用平台), aiding mother group to more conveniently access health information in pregnancy; “Pregnancy Reminder” also officially established connectivity to smart XiaoAI speaker (小愛音箱) of Xiaomi, which addresses issues out of mother-child families in a smart life scenario by producing related topics to build smart home ecosystem. Looking forward, “Pregnancy Reminder” APP will seek in-depth cooperation with smart scenario in the mother-child theme. <p>The Group innovated its advertising and marketing services to provide more scenic experience, identify targeted groups in different ways and enhance its advertising effect.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Target	Particulars	Actual business progress during the period from 1 January 2020 to 30 June 2020
Enhancing user loyalty and Internet traffic	<p>Increase number of visits of CI Web through securing entrance slots in search engines and navigation sites;</p> <p>Increase the number of downloads and mobile APPs usage through obtaining entrances slots in online APP stores;</p> <p>Marketing of interactive family entertainment system product and early education.</p>	<ul style="list-style-type: none"> The Group has various platforms to maintain a certain number of existing users, and occupied a leading position in the industry. As at 30 June 2020, In terms of the total volume of data of mobile APPs of the Company (representing the sum volume of data of "Pregnancy Reminder" APP and the "Mother Zone" APP, two major mobile APPs of CI Web), the MAU and DAU aggregated 15.24 million and 3.30 million respectively, representing an increase of 38% and 37%, respectively, as compared to those of last year. The plan of marketing of interactive family entertainment system product and early education is under continuous development.
Developing e-commerce business and related O2O business	<p>Expand e-commerce platform;</p> <p>Increase the O2O elements in mobile APPs;</p> <p>Develop and marketing fetal heart monitoring device (胎心儀) and other smart-hardware devices that can connect with Mobile APP.</p>	<ul style="list-style-type: none"> The Group sold CBM related services and products through self-developed mobile APP as well as the third party platform and continuously developed e-commerce business through multiple channels. During the Period, the Group proceeded with industry chain upgrading and developed new offline retail markets by providing business intelligence solutions regarding new retail model to businesses. During the Pandemic, by provision of new retail SaaS system, the platform aided certain maternal and child stores in realization of fast-paced transformation toward digitization operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Target	Particulars	Actual business progress during the period from 1 January 2020 to 30 June 2020
Acquisition of or investment in other companies engaging in O2O and CBM related businesses	Expand business through acquisition of or investment in other companies engaging in CBM related business.	<ul style="list-style-type: none"> For details of the Group's investment in certain entities and loans, please see the paragraphs of "financial assets at fair value through other comprehensive income" and "Loan to other entities" under the section of Management Discussion and Analysis. The Group believes that this will help to expand the existing business boundaries of the Group and enhance its ability of resource integration, and is in line with the long-term goals of diversified development of the Group.
Enhancing marketing and promotional services	Organize more social activities and expand marketing and promotion team.	<ul style="list-style-type: none"> CI Web launched the IP "Pursuit of Babies among Pregnant Girls" (膨脹女孩奪寶孕動) as its annual campaign. In cooperation with TikTok (抖音) APP under ByteDance, Toutiao (今日頭條) and other platforms, the Group unveiled a wide variety of video programs, thematic interesting activities for sourcing new users from various channels. The Group increased its cooperation with complex media, stars and celebrities and web celebrities to increase its exposure and influence.
Working capital and other general corporate purposes	Utilize the working capital according to our needs and for other general corporate purpose.	<ul style="list-style-type: none"> The Group has spent its working capital in its daily operations and other general corporate purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2020 was approximately RMB32.2 million, representing a decrease of approximately 37% over approximately RMB50.9 million for the six months ended 30 June 2019, primarily due to the falling of China's macro-economy and the decrease of investment budget by certain customers, resulting in a decrease in revenue.

Cost of sales

The Group's cost of sales for the six months ended 30 June 2020 was approximately RMB25.9 million, representing an increase of approximately 29.5% over approximately RMB20.0 million for the six months ended 30 June 2019, primarily due to the increased 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 six months ended 30 June 2020 was approximately RMB6.3 million, representing a decrease of approximately 79.6% over approximately RMB30.9 million for the six months ended 30 June 2019. At the same period, the Group's gross profit margin decreased from approximately 60.8% to approximately 19.5%, primarily due to higher promotion cost.

Other income and gains

The Group's other income and gains for the six months ended 30 June 2020 was approximately RMB6.7 million, representing an increase of approximately 16% compared to approximately RMB5.8 million for the six months ended 30 June 2019, primarily due to government grants provided by the local government as development support funds.

Selling and distribution expenses

The Group's selling and distribution expenses for the six months ended 30 June 2020 was approximately RMB20.1 million, representing an increase of approximately 133.7% over approximately RMB8.6 million for the six months ended 30 June 2019, which was mainly due to the increase in marketing expenses.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2020 was approximately RMB8.0 million, representing a decrease of approximately 8% over approximately RMB8.7 million for the six months ended 30 June 2019, which remained relatively stable.

Research and development costs

The Group's research and development ("R&D") cost for the six months ended 30 June 2020 was approximately RMB5.5 million, representing an increase of approximately 10% over approximately RMB5.0 million for the six months ended 30 June 2019, primarily attributable to the increase in the number of R&D personnel.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

The Group's income tax expense for the six months ended 30 June 2020 was approximately RMB0.1 million, representing a decrease of approximately 63% over approximately RMB0.27 million for the six months ended 30 June 2019, primarily due to the increase in the Group's cost, the decrease in total profit.

Profit for the Period

As a result of the factors described above, the Group's loss for six months ended 30 June 2020 was approximately RMB20.8 million (net profit for six months ended 30 June 2019: approximately RMB12.5 million).

Gearing ratio

As at 30 June 2020, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was 10% (30 June 2019: 14%).

Liquidity and capital resources

As at 30 June 2020, the net current assets of the Group was approximately RMB76 million (30 June 2019: approximately RMB141.7 million) and the cash and cash equivalents were approximately RMB38.9 million (30 June 2019: approximately RMB53.6 million).

As at 30 June 2020, the bank borrowing of the Group was approximately RMB19 million (30 June 2019: approximately RMB43 million). The bank borrowings of the Group were denominated in RMB, and the cash and cash equivalents were mainly held in RMB and Hong Kong dollars. As at 30 June 2020, the Group's outstanding loans are unsecured and bear interest at a fixed interest rate. The Group plans to retain an appropriate capital and debt portfolio to ensure that an effective capital structure is maintained during the Period. For the details of the cash flow of the Group during the Period, please refer to the consolidated statement of cash flows in this report.

Capital commitment

As at 30 June 2020, the Group had capital commitment of approximately RMB56.5 million (including the construction cost of the Target Land and various government administrative fees and taxes) (30 June 2019: Nil).

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 Period, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 on job 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 30 June 2020, the Group had a total of 172 (30 June 2019: 181) employees including executive Directors. Total staff costs were approximately RMB13.3 million for the Period (30 June 2019: approximately RMB15.3 million).

Material acquisitions and disposals of subsidiaries

During the Period, there was no material acquisition or disposal of subsidiaries by the Group (30 June 2019: Nil).

Charges of assets

As at 30 June 2020, the Group did not make any pledged bank deposit (30 June 2019: Nil).

Contingent liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities (30 June 2019: Nil).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 30 June 2020, details of financial assets at fair value through other comprehensive income are as follows:

	Name of the relevant company	Proportion of shares held as at 30 June 2020	Investment amount as at 30 June 2020	Fair value of investment as at 30 June 2020 ⁽¹⁾	Proportion of investment to the total asset of the Company as at 30 June 2020	Principal Business	Change of fair value of investment comparing with 31 December 2019
1	Nanjing Hongdou Information Technology Company Limited* (南京紅豆信息技術有限公司)	12.30%	RMB15,000,000.00	RMB16,728,000.00	3.65%	As at 31 December 2017, the Group made investment of RMB15.0 million on the equity of Nanjing Hongdou Information Technology Company Limited* (南京紅豆信息技術有限公司) ("Hongdou Information"), a private company. As at 30 June 2018, the Group accounted for 12.3% of Hongdou Information's registered capital. H5 games "Her Majesty"(女皇陛下) and "National Palace"(全民宮斗) developed by Hongdou Information successfully launched on Tencent QQ Games and Qzone Gaming Platform.	RMB1,107,000.00
2	Shanghai Baiyi Animation Cultural Broadcasting Company Limited* (上海百逸動漫文化傳播有限公司)	10.00%	RMB10,000,000.00	RMB652,648.86	0.14%	Baiyi has its own professional animation team and can develop, produce, and distribute 2D/3D cartoon and peripheral toy products. Sales channels have expanded to all first and second-tier cities in PRC with more than 100 distributors, covering thousands of primary schools and terminal sales outlet.	RMB-100,507.05
3	DEEPFOLIO PTY LTD	18.00%	RMB506,067.50	RMB390,893.76	0.09%	Provision of a professional investment solution for artificial intelligence empowerment. Investors can use the most advanced artificial intelligence technologies to develop quantitative investment strategies and manage their own investment.	RMB-8,299.78
4	DYNAMIC PIXEL WORKS PTY LTD	18.00%	RMB506,214.00	RMB390,893.76	0.09%	Provide assistance in the animation production process with artificial intelligence technologies in order to make the process easier and faster and significantly reduce the cost of animation production.	RMB-8,299.78
5	DAILY ROBOTICS PTY LTD	18.00%	RMB505,997.74	RMB390,893.76	0.09%	Use artificial intelligence technology to identify scenarios and objects with accuracy rate as high as 98% and achieves continuous improvement of accuracy by using machine learning technology under manual intervention, and the provision of API and output technical services for various businesses and industries.	RMB-8,299.78
6	Nanjing Depth Element Artificial Intelligence Technology Development Company Limited* (南京深度元素人工智能技術研發有限公司)	10.00%	RMB5,000,000.00	RMB5,718,408.28	1.25%	Provision of artificial intelligence-based technology: item identification, human body identification, path recognition, behavior recognition; and the provision of analysis services based on the above identification technologies: crowd analysis, business analysis, personalized recommendation and marketing, intelligent shopping guide.	RMB-44,972.12

MANAGEMENT DISCUSSION AND ANALYSIS

	Name of the relevant company	Proportion of shares held as at 30 June 2020	Investment amount as at 30 June 2020	Fair value of investment as at 30 June 2020 ⁽¹⁾	Proportion of investment to the total asset of the Company as at 30 June 2020	Principal Business	Change of fair value of investment comparing with 31 December 2019
7	Nanjing Shengkong Vision Artificial Intelligence Technology Development Company Limited* (南京深空視線人工智能技術研發有限公司)	17.20%	RMB10,000,000.00	RMB11,944,444.44	2.61%	Provision of auto-cruise, path planning and other functions for robots with the use of self-developed vSLAM system combined with artificial intelligence technology; and human tracking and educational interaction with natural language understanding with the use of monocular camera.	RMB0
8	Nanjing Zhiren Cloud Information Technology Company Limited* (南京智人雲信息技術有限公司)	17.20%	RMB10,000,000.00	RMB11,944,444.44	2.61%	Principal activities are the provision of container cloud management platform, artificial intelligence cloud platform, public cloud and private cloud services based on microservices.	RMB0
9	Nanjing Free Chain Information Technology Company Limited* (南京自由鏈信息技術有限公司)	17.20%	RMB10,000,000.00	RMB11,944,444.44	2.61%	Establishment of interconnections between internet devices in different regions with its unique solutions, construction of decentralized transmission network to achieve independent collaboration and the expansion of business scale. Such kind of internet is not subject to the limitation of computing power and storage, thus empowers the internet with strong expansion capabilities to achieve true decentralization, openness, self-motivation, privacy and security.	RMB0
10	Beijing Chengjiyuan Clinic* (北京誠濟源診所)	19.50%	RMB5,000,000.00	RMB973,924.11	0.21%	Provision of family and general medical services with an aim to serving patients in the new suburban residential areas.	RMB-4,776,694.83
11	Nanjing Luobo Information Technology Company Limited* (南京蘿播信息技術有限公司)	15.00%	RMB12,000,000.00	RMB13,766,418.71	3.01%	Provision of educational, marketing and social services to its customers across the network for baby-children businesses through the distribution of audio and video contents and the management capabilities of the communities, effectively expanding and making up for the service capabilities of major customers of CI Web under the pan-network conditions.	RMB-122,932.48
12	Nanjing Suichuang Xiupu Information Technology Company Limited* (南京速創秀普信息科技有限公司)	10.00%	RMB10,000,000.00	RMB11,431,811.02	2.50%	Provision of micro-service cloud application platform, which is a one-stop PaaS platform service designed for mother-child enterprises, providing application cloud hosting solutions to assist enterprises simplify application lifecycle management such as deployment, control, operation and maintenance; and the provision of micro-service framework, compatible mainstream open source ecosystem, specific development framework and platform without binding. Suichuang Xiupu is able to assist the small and medium-sized mother-child enterprises that are connected to CI Web to quickly establish distributed applications based on micro-service structure.	RMB-74,500.48
13	Nanjing Xinmenghui Education Technology Company Limited* (南京芯萌匯教育科技有限公司)	10.00%	RMB5,000,000.00	RMB5,715,899.44	1.25%	Leading service provider for online baby and children education. It provides interactive learning systems and contents to families with babies and children through a combination of unique contents, technology and system, effectively extending the online educational service capabilities of CI Web to those families.	RMB-33,492.20

MANAGEMENT DISCUSSION AND ANALYSIS

		Proportion of shares held as at 30 June 2020	Investment amount as at 30 June 2020	Fair value of investment as at 30 June 2020 ⁽¹⁾	Proportion of investment to the total asset of the Company as at 30 June 2020	Principal Business	Change of fair value of investment comparing with 31 December 2019
Name of the relevant company							
14	Guangzhou Muyun Electronic Commerce Co., Ltd.* (廣州沐雲電子商務有限公司)	16.00%	RMB4,000,000.00	RMB4,672,080.60	1.02%	Provision of services relating to quickly set up a foreign trade independent website of global sales for vendors and offer technical support for corporate and individual online shop and operators and integrated solutions from website building to management and operation. The business is also divided into B2C cross-border e-commerce independent station and B2B export trade independent station.	RMB21,722.92
15	Guangzhou Baxiangluohai Information Technology Co., Ltd.* (廣州八仙過海 信息科技有限公司)	18.00%	RMB5,000,000.00	RMB5,955,093.94	1.30%	Establishment of an omnichannel marketing and ordering platform for enterprises. This platform helps enterprises to develop collaboration between upstream and downstream business and make real-time data decision in six aspects of order management, inventory management, fund settlement, customer operations, business reporting and procurement management.	RMB-12,357.52
16	Hangzhou Xianju Information Technology Co., Ltd.* (杭州先巨信息技術有限公司)	15.00%	RMB10,000,000.00	RMB11,463,861.86	2.50%	Provision of hospital management system platform in four aspects: hospital information and management open platform, mobile clinic, intelligent monitoring module and chronic disease management module. This platform provides all-round medical care from patient admission to discharge; from hospital diagnosis to home monitoring; from computer to mobile terminal; and from infant health monitoring to smart retirement.	RMB38,184.90
17	Suzhou Youchao Information Technology Co., Ltd.* (蘇州優潮信息技術有限公司)	19.00%	RMB7,000,000.00	RMB8,076,136.22	1.76%	Provision of enterprise online education platform which focuses on the training of product managers. The business is divided into three aspects: enterprise orientation training, internal enterprise staff training and vocational skill training. A number of well-known internet enterprise product directors acted as lecturers. Using platform technology, users can take online open classes and participate one-on-one tutoring after school so as to achieve offline practical training, internet project practice and innovative teaching processes with internships in famous enterprises.	RMB-112,122.46
18	Zhengzhou Lishi Information Technology Co., Ltd.* (鄭州立時信息技術有限公司)	17.00%	RMB6,000,000.00	RMB6,924,474.08	1.51%	Provision of integrated platform system for digital currency exchanges based on block chain technology. This system provides services of issuance, management and trading of digital currencies. On the basis of fully supporting the Bitcoin trading system, this system further improves its digital currency trading mechanism with block chain query and management functions and continuously optimizes its core functions and increases the comprehensive functional advantages of the product by enhancing of security protection level, leveraged financial transaction system and platform promotion and operation mechanism.	RMB-18,484.79

MANAGEMENT DISCUSSION AND ANALYSIS

	Name of the relevant company	Proportion of shares held as at 30 June 2020	Investment amount as at 30 June 2020	Fair value of investment as at 30 June 2020 ⁽¹⁾	Proportion of investment to the total asset of the Company as at 30 June 2020	Principal Business	Change of fair value of investment comparing with 31 December 2019
19	Nanjing Qianguang Information Technology Co., Ltd.* (南京千光信息技術有限公司)	17.20%	RMB10,000,000.00	RMB11,944,444.44	2.61%	Provision of user-centered system for enterprise intelligence marketing. Based on seven business modules of social business strategy, social experience management, social branding and traffic management, social sales promotion, loyalty operations management, social product innovation and social advertising services, a one-stop platform for enterprise mobile marketing is established to create a rich, open and intelligent mobile marketing ecosystem.	RMB0
20	Nanjing Yuanhui Information Technology Co., Ltd.* (南京遠匯信息技術有限公司)	17.20%	RMB10,000,000.00	RMB11,944,444.44	2.61%	Provision of software development tool system based on artificial intelligence technology. For those who are not capable of programming, this system can help them to develop internet products easily through PC client, development tool website and mobile APP mode.	RMB0
21	Nanjing Youke Workshop Information Technology Co., Ltd.* (南京優客工場信息技術有限公司)	17.20%	RMB10,000,000.00	RMB11,944,444.44	2.61%	Provision of knowledge sharing platform. This platform provides computer-related professional and technical knowledge for corporate employees and individual members and provides users with mutual learning modules, so that everyone can be a teacher. Members who obtained platform instructor certification can also organize courses to earn commissions.	RMB0
22	Nanjing Mengmiao Education Technology Co., Ltd.* (南京萌苗教育科技有限公司)	18.00%	RMB8,000,000.00	RMB13,680,000.00	2.99%	Provision of IM system with complete solution customized for internet education industry. Products are in line with the education industry, suitable for practical educational scenarios, and truly meet the needs of the teachers. In the form of PAAS+SAAS service, the product itself serves as a platform to provide SDK for third parties. At the same time, it also provides services for different users to develop different functions based on its own platform.	RMB1,080,000.00
23	Nanjing Suyun Xiupu Information Technology Co., Ltd.* (南京速雲秀普信息科技有限公司)	10.00%	RMB3,000,000.00	RMB46,000,000.00	1.00%	Development of a CRM system for training institutions. This system also applies its self-developed face recognition technology to specific CRM scenarios, achieving an innovative combination of "Face Recognition + Education CRM System".	RMB1,184,535.26
24	Nanjing Duomai Information Technology Company Limited* (南京多麥信息科技有限公司)	18.08%	RMB16,000,000.00	RMB18,344,068.96	4.01%	A service company for mother-child businesses. It provides assistance for privatized customer assets during the Internet era, expanding the Internet customer base and improving operational efficiency through its products and services. In particular, through the provision of integrated solutions such as micromalls, new retailing and mini programs, it provides assistance for the transformation and upgrade towards smart business for small and medium-sized mother-child enterprises, thus helping those enterprises achieve smart business with technology-driven business innovation. Duomai Information is able to expand CI Web's online and offline retailing channels for large business (大B) customers effectively, therefore playing an important role in securing the CI Web's existing business customer base.	RMB-73,306.61

MANAGEMENT DISCUSSION AND ANALYSIS

		Proportion of shares held as at 30 June 2020	Investment amount as at 30 June 2020	Fair value of investment as at 30 June 2020 ⁽¹⁾	Proportion of investment to the total asset of the Company as at 30 June 2020	Principal Business	Change of fair value of investment comparing with 31 December 2019
25	Nanjing Yunqulu Network Technology Company Limited* (南京雲曲率網絡科技有限公司)	17.20%	RMB10,000,000.00	RMB10,320,000.00	2.25%	A leading mother-child business incubator company with branches in Australia and the United States. Its core role is to provide effective incubator services for startup mother-child enterprises on the CI Web. Similar to the innovative factory in the mother-child industry, Yunqulu provides angel funding, technical support and staff training for the startup mother-child enterprises.	RMB-1,287,625.73
26	Nanjing Baicheng Medical Technology Company Limited* (南京柏橙醫療科技有限公司)	17.20%	RMB16,000,000.00	RMB16,168,000.00	3.53%	Provision of one-stop integrated information system construction for hospitals, and the construction of end-to-end medical service platform covering pre-diagnosis, in-diagnosis and post-diagnosis stages. Having leading system capabilities and product advantages in cloud-based family medical and smart medical areas, Baicheng Medical is able to assist CI Web to better connect and serve the mother-child families through the internet.	RMB-2,437,833.36
27	Beijing Changsheng Clinic Company Limited* (北京昌盛門診部有限公司)	19.50%	RMB5,000,000.00	RMB1,057,504.77	0.23%	Provision of family and general medical services with an aim to serving patients in the city center.	RMB-4,693,114.71
28	Nanjing Shen Jufeng Engine Information Technology Company Limited* (南京鵬風引擎信息技術有限公司)	18.10%	RMB13,000,000.00	RMB13,212,402.12	2.89%	Operation of emerging distributed applications with the support of new blockchain, and the provision of high-performance computing with low cost and high yield by establishing a distributed cloud infrastructure.	RMB-361,983.63
29	Nanjing Duoazan Health Technology Company Limited* (南京多贊健康科技有限公司)	17.20%	RMB13,000,000.00	RMB15,075,363.77	3.29%	Committed to establish the best healthy pregnancy management and knowledge service platform in China. It provides the best paid knowledge and online medical services to Chinese families, enabling the provision of paid knowledge and medical services to more families by the national obstetricians and pediatricians with the removal of institutional constraints.	RMB-420,087.59
30	Shanghai Shijiu Information Technology Co., Ltd.* (上海視九信息科技有限公司)	0.82%	RMB650,000.00	RMB393,600.00	0.09%	Provision of system integration, application development and operation services for devices such as smart TV set-top boxes based on its leading browser technologies such as HTML5.	RMB123,000.00
31	CLOUD TECH	18.00%	HKD50,000,000.00	RMB50,005,119.09	10.92%	Technology development and operation combining block chain technology with the entity economy and the provision of cross-border consumer service platform, cross-border global education platform, cross-border new retail business platform, block chain information service and technology trading platform, high-speed and cross-chain trading system based on intelligence contracts, system testing for block chain security system and block chain service platform.	RMB191,157.11
32	Shanghai Beijia Network Technology Co., Ltd.* (上海倍嘉網絡科技有限公司)	5.00%	RMB2,500,000.00	RMB2,500,000.00	0.55%	The company cooperated with a number of maternal and child service platforms including ci123.com to launch a maternal and child alliance (W+ Club), aiming to provide one-stop knowledge, services, protection and welfare required for childcare.	N/A

Note:

- (1) Further details of the fair value measurement of the Group are set out in note 23 of the interim condensed consolidated financial statements of this report. As at the date of this report, the Company has not sold its financial assets. The Company has not received any interest distribution for the period ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company continued to track and monitor its investments and conduct evaluation. As most of the Company's investments are emerging market growth companies, some of the entities which the Company invested are in the stage of research and development. The Company considers its investment management in the following aspects:

- effective output from the application of the industrial chain, including technological output;
- operating condition, including the achievement of business objectives, standardization of the corporate governance structure, and the stability of core talents; and
- judgment on the future growth prospects of the industry it located and technology market.

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. Since most of our investments are made in digital industries, they are currently affected by the epidemic to a lesser extent. Furthermore, influenced by the epidemic, more enterprises will require digital transformation solutions. Upon evaluation by our Company, the overall value of the investment during first half year in 2020 is in a state of steadiness comparing with 31 December 2019, which is in line with our strategic planning direction.

LOANS TO OTHER ENTITIES

The balance represents loans extended to independent third parties, bearing interest rates of 6.0% to 8.0% per annum for periods of 24 to 36 months. The aim of entering into these loan facility agreements with these third parties are for the long term interest of the Group. In future, by evaluating the performance of these third parties over a period, the Group has the option to invest in shares of these companies in priority.

Details of loans to other entities as at 30 June 2020 are set out below:

	Name of the relevant company	Borrowing made to the relevant company as at 30 June 2020	Annual interest rate as at 30 June 2020	Term of loan	Investment guarantee as at 30 June 2020	Exercise of the priority right of the investment shares	Fair value of investment as at 30 June 2020	Proportion of investment to the total asset of the Company as at 30 June 2020	Principal business	Interest income for the six months ended 30 June 2020
1	Nanjing Qianyu Information Technology Company Limited*(南京千魚信息技術有限公司)	RMB 12,000,000.00	6 %	36 months	Guaranteed by an A share listed company	No	RMB13,887,027.25	3.03%	A major platform for parentchild consumption.	RMB1,800,000.00
2	Beijing Hongwei Technology Company Limited*(北京宏偉科技有限公司)	RMB 4,000,000.00	8 %	24 months ⁽¹⁾	N/A	No	RMB4,912,876.71	1.07%	Providing equipment support to medical institution and developing online platform for health consultation.	RMB880,000.00
3	Shenzhen Feishikang Technology Company Limited*(深圳飛視康科技有限公司)	RMB 1,000,000.00	6 %	36 months	N/A	No	RMB1,148,331.44	0.20%	Feishikang provides video stream media technology and service to other security organizations.	RMB150,000.00

Note:

- (1) As disclosed in the interim report issued by the Company on 20 September 2019, the contract was expired in March 2019. Pursuant to a loan facility agreement renewed by the parties in March 2019, it is interest bearing at a rate of 8% per annum for a period of 24 months and other terms remain unchanged. The loan made to the Borrower under the loan facility agreement amounted to RMB4.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT OBJECTIVES AND POLICIES

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, finance and entertainment by way of investment and strategic cooperation, 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.

As for its investment strategy, in line with its principal business and for its future business development, the Company targets on investments in entities which are principally engaged in CBM and family related business chain and related technology research and development. The Company has adopted investment policies which it will take into account when making its investment decisions. In general, the Company prefers long-term investments as opposed to short-term ones and usually invests in targeted entities for more than one year. For the Company's mode of investment, the Company may adopt equity investments through acquisition of shareholdings in the targeted entities or loan financings by providing facilities to the targeted entities depending on, among others, potential rate of return which generally shall be not less than 6% per annum or the prevailing one-year fixed deposit interest rate published by the People's Bank of China (whichever is higher), strategic cooperation with the invested entities of the company, negotiation with the counterparties as well as compliance with legal and regulatory requirements. In order to reduce its participation in the operation and management of its investments so as to focus on its existing business, the Company generally does not invest in more than 20% shareholding in the targeted entities.

In addition to financial returns, the Directors expect that the investments will create synergies to the Group's business in terms of upgrade in technologies, enrichment of contents as well as expansion of coverage of value-added services which in turn result in enhancement of operational efficiency, user experience and user base. Depending on the business natures of the invested companies, the Group usually requires the invested companies to share their relevant technologies to offer selected contents such as games, animations and audio and video contents of them for the Platform, to share user data and network for promotion of the Group's APPs, and to support the Group's provision of value-added services to its users. The Group has a certain scale of investment activities. Failure to promptly and effectively manage investment risks may affect realization of investment strategies. The risk resulting from adverse movements in industry market could also impact the Group's investment.

The Group has formed an investment team (the "team"). The team's member consisted of the Group's chief executive officer, chief financial officer, marketing director, technical director and operation director who are experienced in the Internet industry. The team has been continuously paying attention to the market influence and technological development of the investment areas related to the CBM business chain. The Group continuously monitors the status of business development and financial exposure of investees and conducts regular assessments. The Group also strictly requires the invested entities to use the proceeds of the Group's investments for the sole purpose of the planned business development projects as agreed by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Company's net proceeds from the Placing amounted to approximately HK\$276.4 million (the "net proceeds") after taking into account the partial exercise of the over-allotment option in connection with the Listing (the "Over-allotment Option"). As at 30 June 2020, the Group had utilised approximately HK\$234.5 million of the net proceeds. The unutilised net proceeds in the amount of approximately HK\$41.9 million has been deposited in banks.

Details of the original allocation of net proceeds set out in the prospectus and the revised allocation of net proceeds of the Company as at the date of this report as follows:

		Revised Allocation as at	Revised Allocation as at	Revised Allocation as at	Revised Allocation as at	Utilized Amount as at	Unutilized Amount as at	Expected timetable for the utilization of the remaining net proceeds
Use of Net Proceeds	Original Allocation HK\$ million	26 February 2016 HK\$ million	15 December 2017 HK\$ million	2 May 2018 HK\$ million	3 July 2018 HK\$ million	30 June 2020 HK\$ million	30 June 2020 HK\$ million	
Strengthening research and development capabilities	55.3	52.8	52.8	44.8	–	–	–	–
Enhancing the user base and Internet traffic of our Platform	55.3	49.6	49.6	49.6	–	–	–	–
Developing our e-commerce business and related O2O business	55.3	44.9	44.9	–	–	–	–	–
Acquisition of or investment in other companies engaging in O2O and CBM related businesses	55.3	19.3	19.3	–	–	–	–	–
Enhancing marketing and promotional services	27.6	24.9	24.9	24.9	24.9	24.9	–	–
Working capital and other general corporate purposes	27.6	24.9	24.9	24.9	24.9	24.9	–	–
Providing loan facilities	–	60.0	–	–	–	–	–	–
Acquisition of property or land for the construction of the Company headquarters	–	–	60.0	60.0	60.0	18.1	41.9	expected in 2023
Acquisition of or investment in companies engaging in CBM and family related business chains and companies engaging in related technology research and development	–	–	–	72.2	166.6	166.6	–	–
Total	276.4	276.4	276.4	276.4	276.4	234.5	41.9	–

As disclosed in the announcements of the Company dated 15 December 2017 and 28 September 2018, the Group has been in discussions with Management Committee of the Software Valley of Nanjing, the PRC regarding the acquisition of land for its headquarters. As disclosed in the announcements of the Company dated 27 December 2019, Nanjing Wanhui, an indirect wholly-owned subsidiary of the Company, has entered into the Development Entrustment Agreement with Nanjing Ningnan Real Estate Development pursuant to which Nanjing Ningnan Real Estate Development shall mainly (i) assist Nanjing Wanhui in acquisition of land use right of the Target Land from Nanjing Planning and Natural Resources Bureau; and (ii) construct and develop the Target Land as the Group's new headquarters in the PRC. The Consideration of approximately RMB54.3 million (equivalent to approximately HK\$60.3 million) includes the costs of the acquisition, construction and development of the Target Land.

MANAGEMENT DISCUSSION AND ANALYSIS

The amount of the Consideration to be paid by Nanjing Wanhui will be satisfied mainly by the net proceeds from the Placing allocated for acquiring property or land for the construction of the headquarters of the Company, with any remaining amount by the Group's internal resources. In 2019, Nanjing Wanhui has paid a land premium of RMB5.34 million (equivalent to approximately HKD6.0 million) to Nanjing Bureau of Finance. In the first half of 2020, a total of construction fees were paid and the various government administrative fees and taxes were RMB10.3 million (approximately HK\$12.1 million). The Company expects to obtain the land certificate in the third quarter of 2020. The remaining portion of the allocated fund has not been utilised.

According to the Development Entrustment Agreement, the planned construction area in the Nanyuan Area, the Software Valley of Nanjing, the PRC has been approved by the government authority, spanning to existing Mading Road (馬定路) to the north, existing Meiyuan South Road (梅苑南路) to the west, existing Second Passage of Lukou Airport (祿口機場二通道) to the east and Dazhou Road (大周路) to the south. The Target Land is located at Nanyuan Area, the Software Valley of Nanjing, the PRC, with a site area of approximately 3,210 sq.m. and a total floor area of approximately 8,358 sq.m. It is expected that the construction work will be completed in 2022, subject to the actual progress of such construction work. The Group is currently leasing properties for its own use as offices. The Directors consider that the development of the Target Land as the Group's new headquarters will benefit the Group in saving rental expenses. The Company may consider renting out the remaining premises for rental returns.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 June 2020, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules are as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Ms. Li Juan ⁽¹⁾	Interest in a controlled corporation	409,200,000	
	Interest of concert party	120,000,000	
	Total:	529,200,000	51.60%
Mr. Wu Haiming ⁽¹⁾	Interest of spouse	529,200,000	51.60%
Mr. Cheng Li ⁽²⁾	Interest in a controlled corporation	120,000,000	
	Interest of concert party	409,200,000	
	Total:	529,200,000	51.60%

Notes:

- (1) Each of Loyal Alliance Management Limited ("Loyal Alliance") and Prime Wish Holdings Limited ("Prime Wish") is directly and wholly owned by Ms. Li Juan, who is therefore deemed to be interested in all the shares held by each of Loyal Alliance and Prime Wish. Ms. Li Juan and Mr. Cheng Li entered into an acting in concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other. Mr. Wu Haiming, a non-executive Director, is the spouse of Ms. Li Juan, and therefore is deemed to be interested in the interests of Ms. Li Juan.
- (2) Victory Glory Holdings Limited ("Victory Glory") is directly and wholly owned by Mr. Cheng Li, who is therefore deemed to be interested in all the shares held by Victory Glory. Ms. Li Juan and Mr. Cheng Li entered into an acting in concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP (LONG POSITIONS)

Name of Director	Name of Subsidiary	Nature of Interest	Approximate Percentage of Shareholding
Ms. Li Juan ⁽¹⁾	Nanjing Xihui Information Technology Company Limited* (南京矽滙信息技術有限公司) ("Nanjing Xihui") ⁽²⁾	Beneficial owner	85%
	Nanjing Xinchuang Micro Machinery and Electronic Technology Company Limited* (南京芯創微機電技術有限公司) ("Nanjing Xinchuang") ⁽²⁾	Beneficial owner	85%
Mr. Wu Haiming ⁽¹⁾	Nanjing Xihui ⁽²⁾	Interest of spouse	85%
	Nanjing Xinchuang ⁽²⁾	Interest of spouse	85%
Mr. Cheng Li	Nanjing Xihui ⁽²⁾	Beneficial owner	15%
	Nanjing Xinchuang ⁽²⁾	Beneficial owner	15%

Notes:

(1) Mr. Wu Haiming, a non-executive Director, is the spouse of Ms. Li Juan, and therefore deemed to be interested in the interests of Ms. Li Juan.

(2) Pursuant to the contractual arrangement, each of Nanjing Xinchuang and Nanjing Xihui is deemed to be a wholly owned subsidiary of the Company.

Save as disclosed above, as at 30 June 2020, none of the Directors nor chief executive of the Company held an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2020, the following persons (not being Directors or chief executive of the Company) have or be deemed or taken to have interests and/or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Loyal Alliance ⁽¹⁾	Beneficial owner	193,200,000	18.84%
Prime Wish ⁽¹⁾	Beneficial owner	216,000,000	21.06%
Victory Glory ⁽²⁾	Beneficial owner	120,000,000	11.70%
Properous Commitment ⁽³⁾	Beneficial owner	51,600,000	5.03%
TMF Trust (HK) Limited ⁽³⁾	Trustee	51,600,000	5.03%

Notes:

(1) Each of Loyal Alliance and Prime Wish is directly and wholly owned by Ms. Li Juan.

(2) Victory Glory is directly and wholly owned by Mr. Cheng Li.

(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.

Save as disclosed above, as at 30 June 2020, no person, other than the Directors and chief executive of the Company whose interests and short positions are set out in the section headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 June 2015 (the “Share Option Scheme”) for the purpose of providing incentive or rewarding eligible persons (including the Directors or employees (whether full time or part time), consultants or advisors of our Group) for their contribution to, and continuing efforts to promote the interests of our Group and for such other purposes as the Board may approve from time to time. No share option has been granted under the Share Option Scheme since its adoption by the Company.

The Share Option Scheme became effective on the date of the Company’s listing (8 July 2015) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 100,000,000 shares, representing 10% of the shares of the Company in issue as at the date of listing of the Company’s shares on GEM (i.e. 8 July 2015) and 9.75% of the shares of the Company in issue as at the date of this report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting. A grant of share options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, are subject to Shareholders’ approval in advance at a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company’s shares on the date of offer of the share options, which must be a date on which the Hong Kong Stock Exchange is open for business of dealing in securities; (ii) the average Hong Kong Stock Exchange closing price of the Company’s shares for the five trading days immediately before the date of offer; and (iii) the nominal value of the Company’s shares as at the date of offer.

No share options were granted from the date of adoption up to 30 June 2020. Therefore, no share options were outstanding under the Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, as at 30 June 2020, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code regarding Directors' dealings in the Company's securities. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code during the Period.

NON-COMPETITION UNDERTAKINGS

The controlling shareholders of the Company, namely Ms. Li Juan, Mr. Cheng Li, Mr. Wu Haiming, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited (the "Controlling Shareholders") have entered into a deed of non-competition (the "Deed of Non-competition") on 19 June 2015. Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus and the non-competition undertaking has become effective from the Listing Date. So far as the Directors are aware, as at the date of this report, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.

SHARE AWARD PLAN

The Board has adopted a share award plan (the "Plan") on 6 July 2016 so as to recognize and appreciate the contribution of any qualified employees towards the growth and development of the Group. On 8 September 2016, Mr. Hsieh Kun Tse, the non-executive Director, had transferred the entire issued share capital of Properous Commitment Holdings Limited ("Properous Commitment") which in turn holds 51,600,000 of the Shares of the Company, to TMF Trust (HK) Limited at nil consideration. The trustee holds on trust the award Shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award Shares are vested in the relevant selected employees in accordance with this Plan. For details of the Plan, please refer to the announcements of the Company dated 7 July 2016 and 14 July 2016. To the best knowledge of the Directors, as at the date of this report, both Properous Commitment and TMF Trust (HK) Limited have complied with the terms of the trust deed.

As at the date of this report, no Shares have been granted to qualified employees under the Plan.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND LAWS AND REGULATIONS

The Group's primary business is considered to be value-added telecommunications service, a sector where foreign investment is subject to significant restrictions under the current PRC laws and regulations. Accordingly, with the restriction of the current PRC laws and regulations and the implementation of local competent authorities, the Company cannot acquire Nanjing Xihui and Nanjing Xinchuang, which hold certain licenses and permits required for our primary business. As a result, the Group entered into a series of contractual arrangement with Nanjing Xihui and Nanjing Xinchuang and their respective registered shareholders (the "Structural Contract") in order to conduct the said business, and to assert management control over the operations of and enjoy the economic benefits derived from Nanjing Xihui and Nanjing Xinchuang. For details of the Contractual Arrangement, please refer to the section headed "Contractual Arrangement" of the 2019 Annual Report.

In addition, under the current PRC laws and regulations, a foreign investor intending to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good track record and possess operating experience in providing value-added telecommunications services overseas ("Qualification Requirements").

So far as the Directors are aware, as at the date of this report, the Company has taken all reasonable steps to ensure that such Qualification Requirements are met if and when the PRC laws and competent authorities substantially allow foreign investors to invest in value-added telecommunications services in the PRC. The Company will continue to communicate with the relevant governmental authorities and provide updates where necessary.

Due to the nature of our business, the Company is significantly affected by PRC laws and regulations, including laws and regulations of telecommunications services, those relevant to advertising service, information security and privacy protection as well as intellectual property rights. As far as the Directors are aware, the Company had no material breach of any relevant laws and regulations as at 30 June 2020. The Company reduced its potential legal risk through different management and monitoring systems, such as regular review of the effectiveness of internal control system, defined duty division and provided training to employees and management related to such laws and regulations and recruit legal adviser as professional consultant.

COMPETING INTERESTS

So far as the Directors are aware, as at the date of this report, none of the Directors or the Controlling Shareholders and their respective close associates has any interests in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the Audit Committee are to review the Company's annual reports and accounts and interim reports, the financial reporting, risk management and internal control systems of the Group and to provide advice to the Board. The Audit Committee consists of two independent non-executive Directors, namely Mr. Wu Chak Man (chairman of the Audit Committee) and Mr. Ge Ning, and one non-executive Director, namely Ms. Li Juan. The Audit Committee has reviewed the unaudited interim results of the Group for the Period and interim report. The interim condensed consolidated financial statements for the Period have not been audited.

CORPORATE GOVERNANCE AND OTHER INFORMATION

RISKS AND UNCERTAINTIES

Our Group believes that there are certain risks and uncertainties in our operations, some of which are beyond the Group's control, including:

- (i) The Group is unable to guarantee that the Contractual Arrangement with the PRC Contractual Entities will be deemed by the relevant governmental and judicial authorities to be in compliance with existing PRC laws and regulations or that it will comply with future PRC laws and regulations, including but not limited to the new draft of the Foreign Investment Law of PRC (中華人民共和國外國投資法).

Our Directors have already formulated monitoring measures and examine the risk evaluation and report regularly, the details of which are set out in the Contractual Arrangement.

- (ii) The revenue of the Group relies significantly on the marketing and promotional services provided and new businesses may not be successfully developed and introduced going forward.

Since the operational environment in the Internet industry has never-ending changes and improvements, we believe we should timely keep track of the industry, market and customer demands development to review our business strategies. We jointly make investigation and assessment with industry experts and partners in addition to monitoring the market and industry by ourselves.

We optimize our sales and promotion models constantly through innovation to satisfy the demand of existing customers and explore new customers at the same time.

The Group will develop diversified business actively to anticipate comprehensive income. We will continue to propel industry chain cooperation and upgrade strategies, exploit more demands from mother-child households and formulate project management system to explore high-quality and suitable cooperation projects.

Research and development of technology is our significant support in business development. We have management system in place for technological research and development, so as to facilitate effective business development through technology.

- (iii) The Company's investment scale is expanding which results in the failure to carry out timely and effective management may affect realization of investment expectations.

The Company pays close attention to investment risks and has established an investment team to make recommendations on investment matters. Our financial department, legal advisers and technical team are responsible for the follow-up of post-investment management so as to continuously monitor the status of business development and financial risks of investees. The Company has established an investment management system to implement relevant risk management and internal control measures. The Company also obtains relevant professional experience and knowledge by consulting external experts.

- (iv) At the date of this report, the Group expects the outbreak of COVID-19 will continue to affect part our clients. Due to the uncertainties of the epidemic, it is difficult to estimate its influence in the future. The Group will continue to monitor the development of the epidemic, evaluate its impact, respond in an active manner and make timely disclosures.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. To the best knowledge of the Directors, the Company had complied with all the code provisions as set out in the CG Code during the Period.

By order of the Board
China Parenting Network Holdings Limited
CHENG Li
Executive Director and Chief Executive Officer

Nanjing, the PRC, 31 August 2020

As at the date of this report, the executive Directors are Mr. CHENG Li, Mr. HU Qingyang, and Mr. ZHANG Lake Mozi; the non-executive Directors are Mr. WU Haiming, Ms. LI Juan and Mr. ZHANG Haihua; and the independent non-executive Directors are Mr. WU Chak Man, Mr. ZHAO Zhen and Mr. GE Ning.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2020
(Expressed in thousands of Renminbi)

The board of directors (the "Board") of China Parenting Network Holdings Limited (the "Company") submit herewith the unaudited interim report of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2020 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

		For the six months ended 30 June	
	Note	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Revenue	5	32,206	50,857
Cost of sales		(25,927)	(19,951)
Gross profit		6,279	30,906
Other income and gains	5	6,740	5,752
Selling and distribution expenses		(20,113)	(8,648)
Administrative expenses		(7,998)	(8,679)
Research and development costs		(5,455)	(5,019)
(Reversal of)/provision for impairment on trade receivables and contract asset, net		356	–
Other expenses		(81)	(91)
Finance costs	7	(402)	(1,468)
(Loss)/profit before tax	6	(20,674)	12,753
Income tax expense	8	(102)	(270)
(Loss)/profit for the period		(20,776)	12,483
(Loss)/profit attributable to:			
Owners of the parent		(16,407)	12,530
Non-controlling interests		(4,369)	(47)
		(20,776)	12,483
		RMB cents	RMB cents
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
Basic and diluted	9	(1.60)	1.22

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2020
(Expressed in thousands of Renminbi)

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
(Loss)/profit for the period	(20,776)	12,483
Other comprehensive (loss)/income, net of tax:		
Items that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income	(11,933)	(507)
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	34	(498)
Other comprehensive loss for the period, net of tax	(11,899)	(1,005)
Total comprehensive (loss)/income for the period	(32,675)	11,478
Total comprehensive (loss)/income for the period attributable to:		
Owners of the parent	(28,306)	11,525
Non-controlling interests	(4,369)	(47)
	(32,675)	11,478

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

(Expressed in thousands of Renminbi)

	Note	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	10	726	707
Right-of-use assets		1,616	3,330
Long-term receivables	11	26,603	28,081
Deposit for property, plant and equipment		5,361	5,348
Other financial assets	12	310,274	318,623
Deferred tax assets		30	84
		344,610	356,173
Current assets			
Inventories		9,545	9,545
Trade and bills receivables	13	20,918	24,636
Contract assets	14	24,088	23,527
Prepayments, deposits and other receivables	15	19,750	21,406
Debt investment	16	–	30,000
Cash and cash equivalents	17	38,896	57,684
		113,197	166,798
Current liabilities			
Other payables and accruals	18	8,700	10,229
Interest-bearing bank borrowings	19	19,000	49,000
Lease liabilities		1,540	1,904
Contract liabilities		689	35
Tax payable		6,930	6,936
		36,859	68,104
Net current assets		76,338	98,694
Total assets less current liabilities		420,948	454,867
Non-current liabilities			
Lease liabilities		132	1,066
Deferred tax liabilities		8,786	9,096
		8,918	10,162
NET ASSETS		412,030	444,705
Equity			
Equity attributable to owners of the parent			
Share capital		8,090	8,090
Reserves		404,520	432,826
		412,610	440,916
Non-controlling interests		(580)	3,789
TOTAL EQUITY		412,030	444,705

Cheng Li
Director

Zhang Lake Mozi
Director

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2020

(Expressed in thousands of Renminbi)

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium* RMB'000	Reserves funds* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Fair value reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020 (audited)	8,090	224,688	21,347	16,842	21,096	26,073	122,780	440,916	3,789	444,705
Loss for the period	-	-	-	-	-	-	(16,407)	(16,407)	(4,369)	(20,776)
Other comprehensive profit/ (loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	34	-	-	34	-	34
Change in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	(11,933)	-	(11,933)	-	(11,933)
Total comprehensive (loss)/income for the period	-	-	-	-	34	(11,933)	(16,407)	(28,306)	(4,369)	(32,675)
Appropriation of statutory reserves	-	-	10	-	-	-	(10)	-	-	-
At 30 June 2020 (unaudited)	8,090	224,688	21,357	16,842	21,130	14,140	106,363	412,610	(580)	412,030
At 1 January 2019 (audited)	8,090	224,688	19,190	16,842	19,492	7,366	126,326	421,994	(12)	421,982
Profit for the period	-	-	-	-	-	-	12,530	12,530	(47)	12,483
Other comprehensive (loss)/income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	(498)	-	-	(498)	-	(498)
Change in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	(507)	-	(507)	-	(507)
Total comprehensive (loss)/profit for the period	-	-	-	-	(498)	(507)	12,530	11,525	(47)	11,478
Appropriation of statutory reserves	-	-	979	-	-	-	(979)	-	-	-
At 30 June 2019 (unaudited)	8,090	224,688	20,169	16,842	18,994	6,859	137,877	433,519	(59)	433,460

* These reserve accounts comprise the consolidated reserves of RMB404,520,000 (30 June 2019: RMB425,429,000) in the interim condensed consolidated statement of financial position.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2020
(Expressed in thousands of Renminbi)

		For the six months ended 30 June	
	Note	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Operating activities			
(Loss)/profit before tax		(20,674)	12,753
Adjustments for:			
Depreciation of property, plant and equipment	6	287	153
Depreciation of right-of-use assets	6	1,036	1,199
Finance costs	7	402	1,468
(Reversal of)/provision for impairment on trade receivables	6	(201)	28
Reversal of impairment on contract assets	6	(155)	(28)
Foreign exchange differences, net	6	(19)	(345)
Bank interest income	5	(35)	(39)
Other interest income	5	(745)	(634)
Investment income from financial assets at fair value through profit or loss	5	(1,548)	(589)
Staff costs arising from interest-free loans to employees		193	160
Written off of inventories	6	–	9
Loss on early termination of leases	6	164	–
		(21,296)	14,135
Operating cash flows before working capital changes			
Increase/(decrease) in prepayments, deposits and other receivables		2,414	(7,324)
Increase/(decrease) in trade and bills receivables		3,918	(20,226)
Increase/(decrease) in contract assets		(405)	19,903
Increase/(decrease) in long-term receivables		(18)	29
Increase/(decrease) in contract liabilities		654	(8)
Increase/(decrease) in trade payables		–	(2,280)
Decrease in other payables and accruals		(1,971)	(2,447)
Cash (used in)/generated from operations		(16,704)	1,782
Interest paid		–	–
Income tax paid		(35)	–
Income tax refund		–	858
Net cash flows (used in)/generated from operating activities		(16,739)	2,640

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2020
(Expressed in thousands of Renminbi)

		For the six months ended 30 June	
	Note	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Investing activities			
Interest received		35	39
Refund of deposit paid for property, plant and equipment		(13)	–
Purchases of items of property, plant and equipment		(304)	(308)
Loan to employees		–	(2,100)
Repayment of loan to employees		340	120
Loan to others		–	–
Repayment of loan to others		–	–
Purchases of unlisted equity investments		(2,500)	–
Purchases of bank product investments		(65,500)	(111,400)
Proceeds from redemption of bank product investments		97,048	49,839
Increase in time deposits with original maturity over three months		–	–
Net cash generated from/(used in) investing activities		29,106	(63,810)
Financing activities			
New bank borrowings		14,000	40,000
Repayment of bank loans		(44,000)	(8,000)
Principal portion of lease payments		(840)	(1,445)
Interest paid		(349)	(1,340)
Net cash (used in)/generated from financing activities		(31,189)	29,215
Net decrease in cash and cash equivalents		(18,822)	(31,955)
Cash and cash equivalents at beginning of the period		57,684	86,251
Effect of foreign exchange rate changes, net		34	(665)
Cash and cash equivalents at end of the period		38,896	53,631

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

1 CORPORATE INFORMATION

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. 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 shares of the Company were listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2015 (the "Listing Date"). Upon approval by the Stock Exchange on 27 September 2018, the shares of the Company were listed on the Main Board on 8 October 2018 and delisted from the GEM since the last day of trading on 5 October 2018.

The principal activity of the Company is investment holding. 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) e-commerce business in China. There has been no significant change in the Group's principal activities during the period.

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

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with the International Accounting Standards ("IAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with those of the annual report for the year ended 31 December 2019.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual report for the year ended 31 December 2019, except for the accounting policy changes that are expected to be reflected in the annual report for the year ended 31 December 2020. Details of any changes in accounting policies are set out in note 3.

The unaudited consolidated results for the six months ended 30 June 2020 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the revised International Financial Reporting Standards ("IFRSs") below for the first time in these financial statements.

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IFRS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	Rental concessions related to COVID-19 (prospectively apply)
Amendments to IAS 1 and IAS 8	Definition of Material

The directors of the Company expect that the application of all new IFRSs and their amendments will not have a significant impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

4 OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of marketing and promotional services through the Group's platform and e-commerce business.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the period, the Group operated within one geographical segment because nearly 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 segment information is presented.

Information about major customers

For the six months ended 30 June 2020, revenue of approximately RMB13,503,000 (six months ended 30 June 2019: RMB17,828,000) was derived from sales of marketing and promotional service to top three customers. Details are disclosed as follows:

	For the six months ended	
	30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Customer A	6,021	6,819
Customer B	3,850	6,251
Customer C	3,632	4,758
	13,503	17,828

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

5 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Revenue		
Marketing and promotional services	32,206	50,840
E-commerce	–	17
	32,206	50,857
Other income and gains		
Bank interest income	35	39
Other interest income	745	634
Foreign exchange gain/(loss), net	19	345
Government grants – related to expense (note)	4,240	4,062
Investment income from financial assets at fair value through profit or loss	1,548	589
Other income	153	83
	6,740	5,752

Note:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

6 (LOSS)/PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
	Note		
Cost of services provided		19,144	10,822
Depreciation of property, plant and equipment		287	153
Depreciation of right-of-use assets		1,036	1,199
Loss on early termination of leases		164	–
Minimum lease payments under operating leases		215	–
Research and development costs:			
Current period expenditure		5,455	5,019
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		11,540	12,295
Pension scheme contributions (defined contribution scheme)		75	912
Written off of inventories		–	9
Foreign exchange differences, net		(19)	(345)
(Reversal of)/provision for impairment on trade receivables	13	(201)	28
Reversal of impairment on contract assets	14	(155)	(28)
Bank interest income	5	(35)	(39)
Other interest income	5	(745)	(634)
Government grants	5	(4,240)	(4,062)
Investment income from financial asset at fair value through profit or loss	5	(1,548)	(589)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

7 FINANCE COSTS

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Interest on bank borrowings	349	390
Interest on discounted bill	–	950
Interest expense on lease liabilities	53	128
	402	1,468

8 INCOME TAX EXPENSES

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 Nanjing Xibai, Nanjing Xile, Khorgos Xizhi and Nanjing Xihui.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (《財政部、國家稅務總局關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知》) promulgated by the State Council on 20 April 2012, if a corporate enterprise is recognised as a software enterprise, from tax filing at its first profitable year, the corporate enterprise can enjoy a preferential treatment (i.e., 2-year exemption and 3-year half payment). Nanjing Xibai and Nanjing Xile have been recognised as software enterprises since 27 May 2016 and filed in local tax bureau. Pursuant to the Notice of the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation on Revising and Issuing the Measures for the Administration of the Certification of High-Tech Enterprises (《科技部、財政部、國家稅務總局關於修訂印發《高新技術企業認定管理辦法》的通知》) promulgated by the State Council on 19 June 2017, if a corporate enterprise is recognised as a high-tech enterprise, the corporate enterprise can enjoy a preferential income tax rate of 15%. Nanjing Xibai has been recognised as a high-tech enterprise since 6 December 2019 and filed in local tax bureau. Nanjing Xile would be exempted from income tax for their first two profitable years (i.e., 2017 and 2018) followed by a preferential income tax rate of 12.5% from 2019 to 2021.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Policies for Xinjiang Uygur Autonomous Region and Xinjiang Kashgar Autonomous Region (《財政部、國家稅務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知》) promulgated by the State Council on 29 November 2011, if a corporate enterprise is newly established within calendar years 2010 to 2020 in two specific regions with business fallen in the scope of the Catalogue of Preferred Enterprise Income Tax for Key Encouraged Industries in Poor Areas of Xinjiang (《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄》), the corporate enterprise can enjoy a preferential treatment (i.e., 5-year exemption) from the first year when the entity begins to generate revenue. Khorgos Xizhi is exempted from income tax from calendar years 2017 to 2020 upon an approval by the State Taxation Bureau of the Xinjiang Uygur Autonomous Region in October 2017.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

8 INCOME TAX EXPENSES (CONTINUED)

Pursuant to the Notice of the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation on Revising and Issuing the Measures for the Administration of the Certification of High-tech Enterprises (《科技部、財政部、國家稅務總局關於修訂印發《高新技術企業認定管理辦法》的通知》) promulgated by the State Council on 19 June 2017, if a corporate enterprise is recognised as a high-tech enterprise, the corporate enterprise can enjoy a preferential income tax rate of 15%. Nanjing Xihui has been recognised as a high-tech enterprise since 30 November 2018 and filed in local tax bureau. Therefore, Nanjing Xihui would enjoy a preferential income tax rate of 15% from 2018 to 2020.

The income tax expenses of the Group are analysed as follows:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Current tax – Mainland China		
Provision for the period	108	1,596
Over-provision/underprovision in respect of prior periods	(75)	(1,349)
	33	247
Deferred tax		
Origination of temporary differences	69	23
Total tax charge for the period	102	270

9 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the (loss)/profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 1,025,662,000 (2019: 1,025,662,000) in issue during the six months ended 30 June 2020 and 2019. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: RMBNil).

There were no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020 and 2019, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

9 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	(16,407)	12,530

	Number of shares For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue	1,025,662,000	1,025,662,000

	For the six months ended 30 June	
	2020 (Unaudited) RMB cents	2019 (Unaudited) RMB cents
(Loss)/earnings per share attributable to ordinary equity holders of the parent – Basic and diluted	(1.60)	1.22

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of approximately RMB304,000 (six months ended 30 June 2019: RMB308,000).

Assets with a net book value of RMBNil were disposed of by the Group during the six months ended 30 June 2020 (six months ended 30 June 2019: RMBNil), resulting in a net loss on disposal of RMBNil (six months ended 30 June 2019: RMBNil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

11 LONG-TERM RECEIVABLES

	Note	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Rental deposit		951	934
Loans to employees	(i)	5,704	6,342
Loan to others		19,948	20,805
– At FVOCI	(ii)	18,800	19,688
– At amortised cost	(iii)	1,148	1,117
		26,603	28,081

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 RMB1,798,000 (31 December 2019: RMB1,775,000), represents the interest-free loans to employees which will be repaid within two to five years.

(ii) As at 30 June 2020, included in the balances was a loan measured at fair value of RMB13,887,000 (31 December 2019: RMB14,935,000), made to a private company, Nanjing Qianyu Information Technology Company Limited (「南京千魚信息技術有限公司」) (“Nanjing Qianyu”), at interest rate of 6.0% per annum for a period of 36 months. The directors of the Company are of the opinion that this loan facility agreement is for the long-term interest of the Group. In future, by evaluating the performance of Nanjing Qianyu over a period, the Group has the option to invest in shares of Nanjing Qianyu in priority. The loan 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可」) of an A-share company.

The balance as at 30 June 2020 also included a loan measured at fair value of RMB4,913,000 (31 December 2019: RMB4,753,000) extended to a third party, Beijing Hongwei Technology Company Limited (北京宏偉科技有限公可) (“Beijing Hongwei”), bearing interest rate of 8.0% per annum for a period of 24 months. By evaluating the performance of Beijing Hongwei over a period, the Group has the option to invest in shares of Beijing Hongwei in priority. The directors of the Company are of the opinion that this loan facility agreement is for the long-term interest of the Group and therefore designated at FVOCI.

(iii) As at 6 June 2020, the balance included a loan with interest of RMB1,148,000 (2019 RMB1,117,000) extended to a third party, Shenzhen Feishikang Technology Company Limited (深圳飛視康科技有限公可), bearing interest rates of 6.0% per annum for periods of 36 months.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

12 OTHER FINANCIAL ASSETS

	Note	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Equity investments designated at fair value through other comprehensive income (FVOCI)			
Unlisted equity securities	(i),(ii)	310,274	318,623
		310,274	318,623

Notes:

- (i) The unlisted equity securities and the relevant prepayment were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature. No dividends were received on these equity securities during the period (six months ended 30 June 2019: RMBNil). During the period ended 30 June 2020, the fair value loss recognised in the statement of other comprehensive income amounted to RMB10,849,000 (the gain for six months ended 30 June 2019: RMB249,000). Details on the Group's fair value measurement are set out in note 24.
- (ii) The balances include put options with an amount of RMB157,149,000 (31 December 2019: RMB202,940,000) with derivative embedded which represents the Company's options to request for investees to repurchase the equity shares in certain situations including the 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

13 TRADE AND BILLS RECEIVABLES

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Trade receivables	20,988	22,607
Impairment	(70)	(271)
	20,918	22,336
Bills receivables	–	2,300
	20,918	24,636

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. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to customers with a good track record, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Bills receivables are those bills not yet due at the end of the reporting period and the management considers the default rate is low as the Group did not encounter any default on bills receivables based on past experience. All bills received by the Group are with a maturity period of less than one year.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of invoices and net of loss allowance, is as follows:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Within 3 months	5,269	12,822
3 to 6 months	6,197	5,869
6 months to 1 year	6,809	3,302
1 to 2 years	–	–
2 to 3 years	2,643	2,643
	20,918	24,636

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

14 CONTRACT ASSETS

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Contract assets arising from marketing and promotional services	24,221	23,815
Impairment	(133)	(288)
	24,088	23,527

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.

As at 30 June 2020, RMB155,000 (31 December 2019: provision for impairment of RMB221,000) was recognised for reversal of impairment on contract assets.

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

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Within 1 year	24,088	23,527

The movements in the loss allowance for impairment of contract assets are as follows:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
At beginning of the year	288	67
Impairment losses (note 6)	(155)	221
At end of the year	133	288

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Advance payments to suppliers	6,864	17,233
Prepaid expenses	8,702	844
Employee advances	188	176
Deposits	402	41
Other receivables	518	334
Current portion of loans to employees (note 11(ii))	3,076	2,778
	19,750	21,406

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

16 DEBT INVESTMENT

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Debt investment	–	30,000

The debt investment was wealth management product, principal guaranteed with floating return ranging from 2% to 3.75% per annum, issued by a bank in the Mainland China, which was redeemed on 30 January 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

17 CASH AND CASH EQUIVALENTS

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Cash and bank balances	38,896	57,684

Notes:

- (i) At the end of the reporting period, the cash and bank balances of the Group dominated in RMB amount to approximately RMB34,870,000 (31 December 2019: RMB31,732,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.
- (ii) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

18 OTHER PAYABLES AND ACCRUALS

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Other payables	1,305	1,193
Accruals	119	116
Other tax payables	5,261	4,160
Employee related payables	2,015	4,760
	8,700	10,229

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

19 INTEREST-BEARING BANK BORROWINGS

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans, secured	–	–	–	4.35	2020	10,000
Bank loans, unsecured	4.35-5.22	2020	19,000	3.45-5.22	2020	39,000
			19,000			49,000
				30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000	
Analysed into:						
Bank loans:						
Within one year or on demand				19,000	49,000	

- (a) The loans of RMB5,000,000 are secured by personal guarantees given by an executive director, Cheng Li, and a non-executive director, Li Juan of the Company. The loans RMB5,000,000 are secured by personal guarantees given by an executive director, Cheng Li, and non-executive directors, Li Juan and Wu Haiming of the Company. The relevant directors did not receive any fees for such guarantees from the Group and the Group did not provide any collateral for the aforesaid guarantees to the relevant directors.
- (b) The Group's bank facilities amounted to RMB19,000,000 (31 December 2019: RMB49,000,000), all of which had been utilised as at the end of the reporting period and will be settled within one year.
- (c) Such loans were denominated in RMB.

20 CONTINGENT LIABILITIES

As at the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

21 COMMITMENTS

The Group had the following capital commitment at the end of the reporting period:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Contracted, but not provided for:		
Land and buildings	56,542	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

22 RELATED PARTY TRANSACTIONS

- (a) Material transactions with key management personnel:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
For the period/year		
Maximum aggregate amount of loans	1,798	1,847
At the period/year-end		
Loans to key management personnel	1,798	1,755

The loans granted to key management personnel who are not directors of the Company are interest-free housing loans and have fixed terms of repayment of five years, which are included in loans to employees in note 11(i).

- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Short term employee benefits	1,671	1,969
Pension scheme contributions	10	131
	1,681	2,100

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

23 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2020

Financial assets

	Financial assets at amortised cost (Unaudited) RMB'000	Financial assets at FVPL (Unaudited) RMB'000	Financial assets at FVOCI (Unaudited) RMB'000	Total (Unaudited) RMB'000
Long-term receivables	6,852	–	18,800	25,652
Other financial assets	–	–	310,274	310,274
Trade and bills receivables	20,918	–	–	20,918
Contract assets	24,088	–	–	24,088
Financial assets included in prepayments, deposits and other receivables	9,128	–	–	9,128
Cash and cash equivalents	38,896	–	–	38,896
	99,882	–	329,074	428,956

Financial liabilities

	Financial liabilities at amortised cost (Unaudited) RMB'000
Financial liabilities included in other payables and accruals	8,700
Interest-bearing bank borrowings	19,000
Lease liabilities	1,672
	29,372

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

23 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31 December 2019

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVOCI RMB'000	Total RMB'000
Long-term receivables	7,459	19,688	27,147
Other financial assets	–	318,623	318,623
Trade and bills receivables	24,636	–	24,636
Contract assets	23,527	–	23,527
Financial assets included in prepayments, deposits and other receivables	3,288	–	3,288
Debt investment	30,000	–	30,000
Cash and cash equivalents	57,684	–	57,684
	146,594	338,311	484,905

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	1,309
Interest-bearing bank borrowings	49,000
Lease liabilities	2,970
	53,279

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

24 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Financial assets				
Long-term receivables	18,800	19,688	18,800	19,688
Other financial assets	310,274	318,623	310,274	318,623
	329,074	338,311	329,074	338,311
Financial liabilities				
Interest-bearing bank borrowings	19,000	49,000	19,000	49,000

Management has assessed that the fair values of cash and cash equivalents, time deposit with original maturity over three months, financial assets included in prepayments, deposits and other receivables, contract assets, trade payables and financial liabilities included in other payables and accruals, based on their notional amounts, reasonably approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of financial assets and liabilities at amortised costs included in long term receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credits risk and remaining maturities.

The fair value of financial assets at FVPL under Level 2 included bank product investments which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by discounting the expected future cash flow based on the market interest rates of instruments with similar terms and risk.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

24 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at the end of the reporting period:

Financial assets	Valuation techniques	Significant unobservable input
Financial assets at FVOCI included in long-term receivables	Income approach and Black Scholes Model	Expected volatility of 45% (31 December 2019: 45%), taking into account volatility in listed entities in similar industry extracted from the financial database of Wind Information Co., Ltd. (萬得信息技術股份有限公司) ("Wind") (note (i))
Unlisted equity securities and prepayment for unlisted equity securities	Market comparable companies	Discount for lack of marketability, determined by reference to the price/sales ratios of listed entities in similar industries extracted from database of Wind, 5.6 (2019: ranging from 3.7 to 6.8) (note (ii))
		Discount for lack of marketability, determined by reference to the price/sales ratios of listed entities in similar industries extracted from database of Wind, ranging from 3.6 to 7.7 (2019: 3.6 to 7.7) (Note (iii))
	Black Scholes Model	Expected volatility ranging from 25% to 45% (2019: 25% to 45%), taking into account the volatility in listed and unlisted entities in similar industry extracted from database of Wind (note (i))

Notes:

- (i) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the financial assets at FVOCI included in long-term receivables and unlisted equity securities respectively, and vice versa. 5% increase/decrease in the volatility holding all other variables constant would increase/decrease the carrying amount of the financial assets at FVOCI included in long-term receivables and unlisted equity securities by RMB161,000 and RMB1,016,000 respectively (31 December 2019: RMB106,000 and RMB1,336,000 respectively).
- (ii) An increase in the price/sale ratios used in isolation would result in an increase in the fair value measurement of the unlisted equity investments, and vice versa. 5% increase/decrease in the price/sale ratio holding all other variables constant would increase/decrease the carrying amount of the unlisted equity investments by RMB1,729,000 (31 December 2019: RMB1,771,000).
- (iii) An increase in the long-term revenue growth rates used in isolation would result in an increase in the fair value measurement of the unlisted equity securities, and vice versa. 2% increase/decrease in the long-term revenue growth rates holding all other variables constant would increase/decrease the carrying amount of the unlisted equity securities by RMB2,650,000 (31 December 2019: RMB2,611,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

24 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments for which fair values are disclosed:

As at 30 June 2020

	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Fair value measurement using Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Financial assets				
Long-term receivables	–	–	18,800	18,800
Other financial assets	–	–	310,274	310,274
	–	–	329,074	329,074

As at 31 December 2019

	Quoted prices in active markets (Level 1) (Audited) RMB'000	Fair value measurement using Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	Total (Audited) RMB'000
Financial assets				
Long-term receivables	–	–	19,688	19,688
Other financial assets	–	–	318,623	318,623
	–	–	338,311	338,311

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

24 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	Financial assets at FVOCI included in long-term receivables RMB'000	Financial assets at FVOCI included in other financial assets RMB'000	Total RMB'000
At 1 January 2020 (audited)	19,688	318,623	338,311
Payment for purchases	–	2,500	2,500
Loan interest receivable	520	–	520
Exchange realignment	–	818	818
Changes in fair value recognised in other comprehensive income	(1,408)	(11,667)	(13,075)
At 30 June 2020 (unaudited)	18,800	310,274	329,074
At 1 January 2019 (restated)	14,113	262,192	276,305
Loan interest receivable	360	–	360
Exchange realignment	–	176	176
Changes in fair value recognised in other comprehensive income	(598)	249	(349)
At 30 June 2019 (unaudited)	13,875	262,617	276,492

The Group did not have any financial liabilities measured at fair value as at 30 June 2020 and 31 December 2019.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2019: RMBNil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

25 EVENT AFTER THE REPORTING PERIOD

There was no material subsequent event during the period from 30 June 2020 to the approval date of these interim condensed consolidated financial statements.

26 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2020.

By order of the Board
China Parenting Network Holdings Limited
CHENG Li
Executive Director and Chief Executive Officer

Nanjing, the PRC, 31 August 2020

As at the date of this report, the executive Directors are Mr. CHENG Li, Mr. HU Qingyang, and Mr. ZHANG Lake Mozi; the non-executive Directors are Ms. LI Juan, Mr. WU Haiming and Mr. ZHANG Haihua; and the independent non-executive Directors are Mr. WU Chak Man, Mr. ZHAO Zhen and Mr. GE Ning.