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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: 8361)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of China Parenting Network Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on GEM made by the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors (the “Board”) announces the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2018. This announcement, containing the full text of the 2018 First Quarterly Report of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of first quarterly results. Printed version of the Company’s 2018 First Quarterly Report will be delivered to the shareholders of the Company and available for viewing on the GEM website at www.hkgem.com and the Company’s website at www.cil23.com in due course.

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HIGHLIGHTS

	For the three months ended	
	2018/03/31 (unaudited) RMB'000	2017/03/31 (unaudited) RMB'000
Revenue	14,735	18,763
Gross profit	12,740	16,923
Profit for the Period	4,597	8,055
Attributable to:		
Owners of the parent	5,079	6,278
Non-controlling interests	(482)	1,777

- The Group's revenue for the three months ended 31 March 2018 (the "Period") was approximately RMB14.7 million, representing a decrease of approximately 21.8% over the revenue of approximately RMB18.8 million for the corresponding period in 2017.
- The Group's profit attributable to owners of the parent for the Period was approximately RMB5.1 million, representing a decrease of approximately 19.0% over the profit attributable to the owners of the parent of approximately RMB6.3 million for the corresponding period in 2017.
- The board of Directors (the "Board") does not recommend the payment of an interim dividend for the three months ended 31 March 2018. (Three months ended 31 March 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading vertical online platform of the Children-Babies-Maternity (“CBM”) market in China. The Group’s platforms cover services for families ranging from those preparing for new born babies to those with 12 years-old kids. According to third-party platform monitoring data, during the Period, the daily active users (“DAU”) and monthly active users (“MAU”) of the Group’s CI web were 3.27 million and 89.50 million respectively, representing a year-on-year increase of 17.63% and 49.30%; and the DAU and MAU of mobile APPs under the Group reached 2.44 million and 11.16 million respectively, representing a year-on-year increase of 3.39% and 4.20%.

Driven by two-child policy, along with the higher family income level and the changing consumption structure, mother-child industry maintained a rapid development momentum in China. Also, with the development of internet technology and changes of user behavior, the industrial boundary of mother-child continues to expand, and application scenarios together with traffic entrance will become broader. The Group has grasped the opportunities to continuously position itself as a smart family lifestyle service provider. With families as the starting point, the Group upgraded itself by providing a larger scope of services including finance, health care, tourism, insurance, early childhood education and family entertainment instead of the traditional simple general mother-child care services. Moreover, it continued to expand the types of family services so as to meet the long tail demands of the increasingly expanded CBM group.

During the Period, the Group empowered the brand by leveraging its bbv big data accumulation and advanced technology. The Group upgraded the brand membership system from multi-levels including the user interface, interactive experience, website function. Meanwhile, the Group achieved an accurate and efficient communication between the brand and its users by using smart recommendation algorithms to personalize the content for each user. The Group also expanded the influence through the integration of brand resources.

During the Period, following the popularity of the online knowledge question-and-answer model, the Group also launched the “super mother” answering activity to active users. Participants can participate in answering questions randomly in the system through the event page. Besides entertainment, the participants can also enhance their common sense, and share the interaction with their friends. The activity attracted a lot of popularity.

During the Period, based on the original contents in existing popular styles, the Group continued to develop new content products covering comics and live-action animation. The Group focused on enhancing the professionalism, interactivity and interest of the contents to meet the needs of young mother-child users to acquire knowledge and enjoy entertainment and relaxation. The Group developed customized shopping guide programs by conducting an in-depth content cooperation with well-known e-commerce platforms. The Group also accelerate the expansion of distribution channels throughout the networks and build mother-child MCN (multi-channel networks) to continuously enhance the coverage of users.

The Group continued to break through industry boundaries and connect online and offline scenes, aiming to expand the mother-child ecology with family as the core. The Group recently invested in the field of family leisure and entertainment. With a vision to create the most professional women to pan-entertainment contents and services, Hongdou, the invested enterprise is now continuously introducing a variety of women-oriented games, of which many games recorded excellent performance. During the Period, the Group introduced a better H5 game engine through this strategic investment, thereby enhancing business service abilities. Meanwhile, the Group extended to user group vertically down to the marriageable pregnancy preparation population through its population advantage, thereby obtaining a long-term stable user traffic.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company submitted the application for the transfer of listing to the Stock Exchange pursuant to Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange on 30 March 2017 and then resubmitted the application for transfer of listing on 10 October 2017 ("Second Application"). The validity period of the Second Application is six months, therefore it was expired as of the date of the report. The Company resubmitted the application on 27 April 2018. The Board would like to emphasize that the definitive timetable for the transfer of listing has yet to be finalized. Further announcement(s) will be made by the Company to keep the shareholders and potential investors of the Company informed on the progress of the transfer of listing as and when appropriate.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 21.8% from approximately RMB18.8 million for the three months ended 31 March 2017 to approximately RMB14.7 million for the Period, primarily due to the decreased average advertising spending by the brands, however the number of contracts signed or in discussion increased and the Company considered that the results starting from second quarter of 2018 will be better than that of 2017.

Cost of sales

The Group's cost of sales increased by approximately 5.6% from approximately RMB1.8 million for the three months ended 31 March 2017 to approximately RMB1.9 million for the Period mainly due to the slightly increase of headcount in e-commerce and editorial department.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 25.3% from approximately RMB17.0 million for the three months ended 31 March 2017 to approximately RMB12.7 million for the Period. The Group's gross profit margin decreased from approximately 90.2% for the three months ended 31 March 2017 to approximately 86.5% for the Period primary due to the increase of cost during the Period.

Other income and gains

Other income and gains decreased by approximately 100.0% from approximately RMB3.2 million for the three months ended 31 March 2017 to approximately RMB0.1 million for the Period, primarily due to the fact that there was government grants provided by the local government as a development support funds in 2017 while the Group has not received such kind of government grant for the Period.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 50.0% from approximately RMB3.0 million for the three months ended 31 March 2017 to approximately RMB1.5 million for the Period, primarily due to the fact that the Group engaged Ms. Christine Fan, a famous artist from Taiwan from July 2015 to April 2017, as the spokesperson of the Company's website in China. There was no such expenditure for the Period.

Administrative expenses

Administrative expenses decreased by approximately 31.4%, from approximately RMB3.5 million for the three months ended 31 March 2017 to approximately RMB2.4 million for the Period, mainly because most transfer-related legal and professional fee was incurred and recognised in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development costs

Research and development costs decreased by approximately 27.9% from approximately RMB4.3 million for the three months ended 31 March 2017 to approximately RMB3.1 million for the Period, primarily attributable to the decrease in average headcount in research and development department for cost saving purpose.

Income tax expense

The Group's income tax expense decreased by approximately 16.7% from approximately RMB1.2 million for the three months ended 31 March 2017 to approximately RMB1.0 million for the Period, primarily attributable to the decrease in taxable income.

Profit for the Period

As a result of the factors described above, the Group's net profit decreased by approximately 43.2% from approximately RMB8.1 million for the three months ended 31 March 2017 to approximately RMB4.6 million for the three months ended 31 March 2018.

Capital structure

The shares of the Company (the "Shares") have been listed on GEM of the Stock Exchange since 8 July 2015. As at 31 March 2018, the Company's issued share capital was HK\$10,256,620, divided into 1,025,662,000 ordinary shares of HK\$0.01 each.

Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (three months ended 31 March 2017: Nil).

Available-for-sale financial assets

As at 31 December 2017, the Group made investment of RMB15.0 million on the equity of a private company, named Nanjing Hongdou Information Technology Company Limited ("Hongdou"). As at 31 March 2018, the Group accounted for 12.3% of Hongdou's registered capital. H5 games "Her Majesty" (女皇陛下) and "National Palace" (全民宫斗) developed by Hongdou successfully landed on Tencent QQ Games and Qzone Gaming Platform.

The balance of prepayment for available-for-sale investment represented a prepayment of RMB10.0 million for 10% equity interest in Shanghai Baiyi Animation Cultural Broadcasting Company Limited ("Baiyi"). As at 31 March 2018, the change of shareholder registration has been approved by all the shareholders of Baiyi and the application for change in business registration certificate has been submitted. Baiyi develops rapidly particularly in animation process and sales of accompanying toys. It owns professional animation team and can develop, produce, and communicate 2D/3D cartoon and accompanying toys. Sales channels cover all 1st and 2nd tier of cities in PRC with more than 100 distributors, covering thousands of primary schools and terminal sales outlet. The Group made its investment decision based on its judgement on Baiyi's comprehensive condition.

Loan to an entity

The balance represents loans extended to unrelated third parties, bearing interest rates of 6.0% to 8.0% per annum for periods of 18 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In October 2017, Nanjing Xihui Information Technology Company Limited (“Nanjing Xihui”) a wholly-owned subsidiary of the Company, as lender entered into a loan facility agreement with a third party. These third party operates a platform for parent-child consumption. The amount of the loan facility agreement is up to RMB12.0 million, bearing interest at a rate of 6.0% per annum for a period of 36 months. The loan was guaranteed by a subsidiary of an A share company.

In October 2017, Xibai (Nanjing) Information Technology Company Limited, a wholly-owned subsidiary of the Company, as lender entered into a loan facility agreement with a third party. The main business for the third party is providing equipment support to medical institution and developing online platform for health consultation. The amount of the loan facility agreement is up to RMB5.0 million, bearing interest at a rate of 8.0% per annum for a period of 18 months. As at 31 March 2018, the loan made to the Borrower under the facility agreement amounted to RMB4.0 million.

In November 2017, Xibai (Nanjing) Information Technology Company Limited, a wholly-owned subsidiary of the Company, as lender entered into a loan facility agreement with an independent third party, this third party provides video stream media technology and service to other security organizations. The amount of the loan facility agreement is up to RMB2.0 million, bearing interest at a rate of 6.0% per annum for a period of 36 months. As at 31 March 2018, the loan made to the Borrower under the facility agreement amounted to RMB1.0 million.

Use of proceeds

The Company’s net proceeds from the Placing amounted to approximately HK\$276.4 million after taking into account the partial exercise of the Over-allotment Option (the “**Net Proceeds**”).

Pursuant to the announcement issued by the Company on 2 May 2018, details of the comparison of the allocation of the Net Proceeds as stated in the 2017 Annual Report and the revised allocation of the Net Proceeds are set out as follows:

Use of Net Proceeds	Allocation as set out in 2017 Annual Report (HK\$ million)	Revised allocation (HK\$ million)
Strengthening research and development capabilities	52.8	44.8
Enhance user base and Internet traffic of the Group’s Platform	49.6	49.6
Developing the Group’s e-commerce business and related O2O business	44.9	–
Acquisition of or investment in other companies engaging in O2O and CBM related businesses	19.3	–
Enhancing marketing and promotional services	24.9	24.9
Working capital and other general corporate purposes	24.9	24.9
Acquisition of property or land for the construction of the Group’s headquarters	60.0	60.0
Acquisition of or investment in companies engaging in CBM and family related business chains and related technology research and development	–	72.2
Total	276.4	276.4

The Directors of the Company consider that the above change of use of the Net Proceeds is in line with the Group’s continuous focus on the mother-child and parenting family business and is beneficial to the Company and in the interests of the Company and its shareholders as a whole.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2018, 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 executives of the Company which have been notified to the Company and the 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 Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM 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 of 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 of controlled corporation	120,000,000	
	Interest of concert party	409,200,000	
	Total:	529,200,000	51.60%
Mr. Zhang Lake Mozi ⁽³⁾	Interest of controlled corporation	57,000,000	5.56%

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 a 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 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 a concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other.
- (3) Sharp Knight Limited ("Sharp Knight") holds the shares as trustee for and on behalf of 中誠馬(北京)投資顧問有限公司 (Zhongchengma (Beijing) Investment Consultation Company Limited*) ("Beijing Zhongchengma"), which is wholly owned by Ms. Wang Rong, the spouse of Mr. Zhang Lake Mozi, an executive Director. Sharp Knight is directly and wholly owned by Mr. Zhang Lake Mozi, who is therefore deemed to be interested in all the shares held by Sharp Knight.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP (LONG POSITION)

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 31 March 2018, none of the Directors nor chief executives of the Company had registered an interest or short position 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 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 Stock Exchange pursuant to the required standard of dealings by Directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 31 March 2018, the following persons (not being Directors or chief executives 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%
Sharp Knight ⁽⁴⁾	Trustee	57,000,000	5.56%
Ms. Wang Rong ⁽⁴⁾	Interest of spouse	57,000,000	5.56%
Beijing Zhongchengma ⁽⁴⁾	Beneficiary of a trust	57,000,000	5.56%

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.
- (4) Sharp Knight holds the shares as trustee for and on behalf of Beijing Zhongchengma, which is wholly owned by Ms. Wang Rong, the spouse of Mr. Zhang Lake Mozi, an executive Director. Sharp Knight is directly and wholly owned by Mr. Zhang Lake Mozi, who is therefore deemed to be interested in all the shares held by Sharp Knight. Mr. Zhang Lake Mozi and Ms. Wang Rong are therefore deemed to be interested in the interests of each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any other persons who had any interests or short positions in the shares or 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.

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 director or employee (whether full time or part time), consultant or advisor of the Group) for their contribution to, and continuing efforts to promote the interests of the 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 (i.e. 8 July 2015) (the “Listing Date”) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the Period was any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or was 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 purchased, sold or redeemed any of the Company’s listed securities during the Period.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND CONTRACTUAL ARRANGEMENT

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 "Contractual Arrangement") 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 Prospectus.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPETING INTERESTS

So far as the Directors are aware, as at the date of this report, none of the Directors or the Controlling Shareholders 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.

INTERESTS OF THE COMPLIANCE ADVISER

As disclosed in announcements of the Company on 25 January 2017 and 26 January 2017, the Company has terminated the compliance adviser agreement with China Everbright Capital Limited (“China Everbright Capital”) with effect from 31 January 2017 (the “Termination”). Save and except for the compliance adviser agreement entered into between the Company and China Everbright Capital dated 16 February 2015, during 1 January 2017 to 31 January 2017, neither China Everbright Capital nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules on or prior to the Termination.

The Company has appointed Innovax Capital Limited (“Innovax Capital”) as the new compliance adviser to the Company as required pursuant to Rule 6A.27 of the GEM Listing Rules with effect from 1 February 2017 until the date, pursuant to Rule 6A.19 of the GEM Listing Rules, on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the Company’s financial results for the second full financial year commencing after the date of initial listing of the Company (being the year ending 31 December 2017), or until the compliance adviser agreement entered into between the Company and Innovax Capital is terminated in accordance with its terms, whichever is earlier. Innovax Capital is a licensed corporation to carry out types 1 (dealing in securities) and types 6 (advising on corporate finance) regulated activities under the SFO. Pursuant to the above compliance adviser agreement, given the expiry of the date of the results for the second full financial year of the Company after the date of listing, the compliance adviser agreement with Innovax Capital was automatically expired on 31 March 2018. Therefore, from 1 April 2018, the Company ceased to appoint a compliance adviser.

During 1 February 2017 to 31 March 2018, save and except for the compliance adviser agreement entered into between the Company and Innovax Capital, neither Innovax Capital nor its directors, employees involved in providing advice to the Company or their close associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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 the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s annual reports and accounts, half-yearly reports and quarterly 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 quarterly results of the Group for the Period and this report.

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 15 to the GEM 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 People’s Republic of China, 11 May 2018

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. HSIEH Kun Tse; and the independent non-executive Directors are Mr. WU Chak Man, Mr. ZHAO Zhen and Mr. GE Ning.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FIRST QUARTERLY RESULTS (UNAUDITED)

The Board is pleased to report the unaudited quarterly results and the unaudited condensed consolidated financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2017. These results have been reviewed by the Company's audit committee, comprising two of the independent non-executive Directors and one non-executive Director, with one of the independent non-executive Directors chairing the audit committee.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

	Notes	For the three months ended 31 March	
		2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
REVENUE	3	14,735	18,763
Cost of sales		(1,995)	(1,840)
Gross profit		12,740	16,923
Other income and gains	3	50	3,155
Foreign exchange loss		(211)	–
Administrative expenses		(2,435)	(3,512)
Selling and distribution expenses		(1,512)	(3,031)
Research and development costs		(3,071)	(4,256)
Finance costs		(11)	(22)
Profit before tax		5,550	9,257
Income tax expense	4	(953)	(1,202)
Profit for the Period		4,597	8,055
Attributable to:			
Owners of the parent		5,079	6,278
Non-controlling interests		(482)	1,777
		4,597	8,055
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted – For profit for the Period (expressed in RMB per share)	5	0.0049	0.0061
PROFIT FOR THE PERIOD		4,597	8,055
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(5,744)	(1,381)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,147)	6,674
Attributable to:			
Owners of the parent		(665)	4,897
Non-controlling interests		(482)	1,777
		(1,147)	6,674

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital	Treasury Shares	Share premium*	Reserves funds*	Other reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	8,090	–	224,688	16,176	16,842	14,175	100,823	380,794	(1,494)	379,300
Profit for the period	–	–	–	–	–	–	5,079	5,079	(482)	4,597
Other comprehensive income for the period										
Exchange differences on translation of foreign operations	–	–	–	–	–	(5,744)	–	(5,744)	–	(5,744)
Total comprehensive income for the period	–	–	–	–	–	(5,744)	5,079	(665)	(482)	(1,147)
Appropriation to statutory reserves	–	–	–	575	–	–	(575)	–	–	–
At 31 March 2018 (unaudited)	8,090	–	224,688	16,751	16,842	8,431	105,327	380,129	(1,976)	378,153
At 1 January 2017	8,094	(4)	224,688	12,184	16,842	25,664	70,231	357,699	(4,857)	352,842
Profit for the period	–	–	–	–	–	–	6,278	6,278	1,777	8,055
Other comprehensive income for the period										
Exchange differences on translation of foreign operations	–	–	–	–	–	(1,381)	–	(1,381)	–	(1,381)
Total comprehensive income for the period	–	–	–	–	–	(1,381)	6,278	4,897	1,777	6,674
Cancellation of treasury shares	(4)	4	–	–	–	–	–	–	–	–
At 31 March 2017 (unaudited)	8,090	–	224,688	12,184	16,842	24,283	76,509	362,596	(3,080)	359,516

* Included in reserves in the consolidated statement of financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Parenting Network Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 13 October 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. 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 GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 July 2015 (the “Listing Date”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the provision of marketing and promotional services through the Group’s platform, including PC Web, Mobile Web, Mobile Application Software (“APPs”) and IPTV APPs; and (ii) e-commerce business in the People’s Republic of China (the “PRC”). 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 these financial statements, Ms. Li Juan, Mr. Cheng Li, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited are the Company’s Controlling Shareholders.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the Period has been prepared in accordance with International financial Reporting Standards (“IFRS”) (which comprise all standards and interpretations approved by the International Accounting Standards Board, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 December 2017. The unaudited condensed consolidated financial information have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

These financial statements are presented in RMB, and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

Revenue, represents the value of services rendered and the net invoiced value of goods sold, after allowances for returns and trade discounts during the Period.

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

	For the three months ended 31 March	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
Revenue		
Marketing and promotional services	14,729	18,584
E-commerce	6	179
	14,735	18,763
Other income and gains		
Bank interest income	49	123
Exchange gain	–	116
Government grants*	–	1,716
Other income	1	1,200
	50	3,155

* In 2017, Government grants were received from the government of the Mainland China mainly to encourage the Group's effort on development and innovation or as listing incentives. There are no unfulfilled or contingencies relating to the grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX EXPENSE

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 and Khorgos Xizhi.

Nanjing Xibai and Nanjing Xile have been recognised as software enterprises on 27 May 2016 and filed in local tax bureau. Therefore, Nanjing Xibai would be exempted from income tax for their first two profitable years (i.e., 2015 and 2016) followed by a preferential income tax rate of 12.5% from 2017 to 2019. 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.

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

	For the three months ended 31 March	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
Current – PRC Charge for the Period	953	1,202
Total tax charge for the Period	953	1,202

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the respective profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the three months ended 31 March 2018 and 2017.

The number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalization issue as if the shares had been in issue throughout all periods presented.

There were no potentially dilutive ordinary shares in issue during the three months ended 31 March 2018 and 2017, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

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

	For the three months ended 31 March	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	5,079	6,278
	Number of shares	
	2018 (Unaudited)	2017 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue	1,025,662,000	1,025,662,000
Basic and diluted earnings per share (expressed in RMB per share)	0.0049	0.0061

By order of the Board
China Parenting Network Holdings Limited
LI Juan
Chairperson

Nanjing, the People's Republic of China, 11 May 2018

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 Ms. LI Juan, Mr. WU Haiming and Mr. HSIEH Kun Tse; and the independent non-executive Directors are Mr. WU Chak Man, Mr. ZHAO Zhen and Mr. GE Ning.

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