

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 the GEM of 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 report 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 report misleading.

CONTENTS

	Pages
1. Corporate Information	2
2. Highlights	4
3. Management Discussion and Analysis	5
4. Corporate Governance and Other Information	9
5. Report on Review of Interim Condensed Consolidated Financial Statements	15
6. Interim Condensed Consolidated Statements of Profit or Loss and other Comprehensive Income	16
7. Interim Condensed Consolidated Statements of Financial Position	17
8. Interim Condensed Consolidated Statements of Changes in Equity	18
9. Interim Condensed Consolidated Statements of Cash Flows	19
10. Notes to Interim Condensed Consolidated Financial Statements	21



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Li
Mr. Hu Qingyang
Mr. Zhang Lake Mozi

Non-Executive Directors

Ms. Li Juan (*Chairperson*)
Mr. Wu Haiming
Mr. Hsieh Kun Tse

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

Ms. Li Juan (*Chairperson*)
Mr. Zhao Zhen
Mr. Ge Ning

Remuneration Committee

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

COMPLIANCE OFFICER

Mr. Cheng Li

JOINT COMPANY SECRETARIES

Mr. Zhang Lake Mozi
Ms. Ng Wing Shan

AUTHORISED REPRESENTATIVES

Mr. Cheng Li
Ms. Ng Wing Shan

AUDITORS

Ernst & Young

COMPLIANCE ADVISER

China Everbright Capital Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISERS TO OUR COMPANY

As to Hong Kong law
Sidley Austin
39/F
Two Int'l Finance Centre
Central
Hong Kong

As to PRC law
King & Wood Mallesons
17th Floor, One ICC
Shanghai International Commerce Centre
999 Middle Huai Hai Road
Xuhui District, Shanghai 200031
The PRC

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands



CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 19F, 19/F., Gu Yang Building
No. 600 Zhujiang Road
Nanjing, Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANK

Bank of Communication (Xuanwu Branch)
No. 519, Zhujiang Road, Xuanwu District
Nanjing, Jiangsu Province, PRC

STOCK CODE

8361

COMPANY WEB-SITE

www.ci123.com

INVESTOR RELATIONS CONSULTANT

PR Asia Consultants Limited
5/F., Euro Trade Centre
13-14 Connaught Road Central, Hong Kong



HIGHLIGHTS

	For the six months ended	
	30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
Revenue	36,000	22,223
Gross profit	32,859	19,995
Profit for the period	16,973	9,320
Attributable to:		
Owners of the parent	17,315	6,497
Non-controlling interests	(342)	2,823

- The Group's revenue for the six months ended 30 June 2015 (the "Period") was approximately RMB36.0 million, representing an increase of approximately 62.2% over the revenue of approximately RMB22.2 million for the corresponding period in 2014.
- The Group's profit attributable to owners of the parent for the Period was approximately RMB17.3 million, comparing with the profit attributable to the owners of the parent of approximately RMB6.5 million for the corresponding period in 2014.



MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) is pleased to present the unaudited interim results of China Parenting Network Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 (the “Period”).

BUSINESS REVIEW AND PROSPECTS

The Company is an online platform (the “Platform”) focusing on the “Children-Babies-Maternity” (孕婴童) market (“CBM”) in China. Leveraging on the large and engaged user base, the Group principally engages in the provision of marketing and promotional service and e-commerce business. The Group currently operates multiple platforms including the flagship platform www.ci123.com (育兒網), which supports access by computers and mobile devices. At present, the Group also operates 30 iOS and Android Apps for mobile devices and internet protocol televisions.

The Group’s business and results of operations rely significantly on the development of CBM industry, especially the demand for online advertising of CBM enterprises in China. In recent years, economic growth in China has contributed to a fast growth in household disposable income and a boost to consumer confidence. Higher household spending power, coupled with increased newborns and governmental incentives designed to encourage two children in a family and a growing CBM population, have contributed to the rapid development in CBM industry and created a large demand for online advertising of CBM products. We have benefited from the rapid growth of CBM industry in the past years.

Substantially all of the Group’s revenue is derived from the provision of marketing and promotional services, which mainly comprises display of online advertisements on our platform. The Group provides online marketing service and promotional service on the Group’s Platform primarily by (i) displaying of online advertisements on our Platform; (ii) providing promotional and technical support services, including word of mouth marketing, social activities marketing and content marketing; and (iii) offering action-based advertisements. In recent years, the Group’s business had experienced rapid growth and expansion.

In September 2014, the Group commenced its e-commerce business through its mobile Apps selling non-edible CBM related products. Cooperation for the research and development of smart-hardware devices began in August 2014 and the Group has developed its first smart-hardware device, namely, the fetal heart monitoring device (胎心儀).

In March 2015, the Company launched a new CBM App namely the “Baby Plan App” (寶貝雲計劃) for both iOS and Android mobile devices. It was designed to nurture parent-child relationship, facilitate children’s early learning, or as entertainment for families with children. To facilitate its e-commerce business, the Company entered into a service agreement with Beijing UnionPay Merchant Services Company Limited* (北京銀聯商務有限公司) for using their UnionPay system and with Shenzhen City Tencent Computer System Company Limited* (深圳市騰訊計算機系統有限公司) for using their weixun payment system (微信支付), which are available to its e-commerce customers since May 2015.

The Group is dedicated to provide its users with the latest CBM related news and information. On 8 July 2015 (the “Listing Date”), the Company successfully listed its shares on GEM. The proceeds received have strengthened the Group’s cash flow and will be used to implement its future plans and business strategies.

In the future, the Group will strengthen its research and development capabilities to retain existing users and expand the number of users and visits to the Platforms. It will consistently (i) improve and expand in terms of contents and user interfaces for its existing platforms, (ii) develop interactive system products and early learning products as well as management systems, and (iii) introduce new CBM related Apps and platforms. For e-commerce business, the Group will continue to expand and diversify in products and service, increase and add online-to-offline elements to the business, together with develop and marketing the fetal heart monitoring device (胎心儀) and other mobile smart-hardware devices. The Group will also invest in marketing and advertisements so as to increase its public awareness, cooperate with other platforms and seek for potential projects to strengthen its position in order to increase the Group’s income such that fruitful results can be shared with investors.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 62.2% from approximately RMB22.2 million for the six months ended 30 June 2014 to approximately RMB36.0 million for the Period, primarily due to the increased number of brands placing advertisements on the Group's Platform and the increased average advertising spending by these brands.

Cost of sales

The Group's cost of sales increased by approximately 40.9% from approximately RMB2.2 million for the six months ended 30 June 2014 to approximately RMB3.1 million for the Period, primarily due to (i) the purchase cost of the goods the Group sold on the Group's mobile Apps in the Group's e-commerce business which commenced in September 2014; and (ii) the increase in the salaries and welfares, which were driven by the new recruits in e-commerce department and an increase in the number of editorial staff.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 64.5%, from approximately RMB20.0 million for the six months ended 30 June 2014 to approximately RMB32.9 million for the Period. The Group's gross profit margin increased slightly from approximately 90.0% to approximately 91.3% during the same period due to the increased economies of scale as the Group's revenue grew significantly.

Other income and gains

The Group's other income and gains increased from approximately RMB0.2 million for the six months ended 30 June 2014 to approximately RMB0.3 million for the Period primarily due to the Value Added Tax ("VAT") refunds for providing qualified technology related service in 2014.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately 10.3% from approximately RMB2.9 million for the six months ended 30 June 2014 to approximately RMB2.6 million for the Period, primarily attributable to the decrease in promotion fee.

Administrative expenses

The Group's administrative expenses increased by approximately 509.1%, from approximately RMB1.1 million for the six months ended 30 June 2014 to approximately RMB6.7 million for the Period, primarily due to legal and professional expenses incurred from preparation for the Company's listing on GEM.

Research and development costs

The Group's research and development costs decreased by approximately 1.5% from approximately RMB6.8 million for the six months ended 30 June 2014 to approximately RMB6.7 million for the Period, primarily attributable to the decrease in the Group's outsourcing fee. The decrease was mainly due to the fact that substantial development work, including graphic art and music design, of the Group's mobile Apps was outsourced to third parties in 2014, and also, with the accumulation of experience of the Group's development staff, more development works were performed by the Group's in-house staff in 2015.

Income tax expense

The Group's income tax expense increased from approximately RMB0.1 million for the six months ended 30 June 2014 to approximately RMB0.3 million for the Period, primarily attributable to the increase in profit before tax.



MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Period

As a result of the factors described above, the Group's net profit increased by approximately 82.8% from approximately RMB9.3 million for the six months ended 30 June 2014 to approximately RMB17.0 million for the Period.

Gearing ratio

As at 30 June 2015, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was 21.9% (31 December 2014: 52.6%) .

Liquidity, Financial Resources and Capital Structure

As at 30 June 2015, the Group had net current assets of approximately RMB35.7 million, as compared to the net current assets of approximately RMB18.5 million as at 31 December 2014. As at 30 June 2015, the Group had cash and cash equivalents of approximately RMB14.0 million (31 December 2014: approximately RMB9.6 million). Please see page 19 to 20 of this report for details of the Group's cash flow during the Period. The Group has a short-term liquidity facility up to RMB10.0 million with a term of one year from 29 April 2015 to 28 April 2016, all of which were unused as at 30 June 2015. The Group did not have, as at 30 June 2015, any bank loans or other borrowings, or any other outstanding loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Foreign exchange exposure

The Group's income and expenditure during the Period were principally denominated in Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2015 were denominated in RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the Period.

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, the time devoted to the Group and the performance of the Group. Directors may also receive options to be granted under the share option scheme adopted by the Company on 19 June 2015 (the "Share Option Scheme"). In general, the Group determines employees' salaries based on their performance and length of services. The Directors believe 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 2015, the Group has a total of 159 employees including executive Directors (31 December 2014: 166 employees). Total staff costs were approximately RMB11.0 million for the Period (six months ended 30 June 2014: approximately RMB 8.6 million).



MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals of subsidiaries

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries.

Charges of assets

As at 30 June 2015, the Group did not make any pledged bank deposit (31 December 2014: Nil).

Contingent Liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).



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 ASSOCIATED CORPORATION

As at 30 June 2015, the shares of the Company were not listed on GEM. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), Section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable.

As at the date of this report, 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 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 interests
Ms. Li Juan ^{(1) (5)}	Interest in a controlled corporation; Interest of concert party	529,200,000	51.55%
Mr. Wu Haiming ^{(1) (5)}	Interest of spouse	529,200,000	51.55%
Mr. Cheng Li ^{(2) (5)}	Interest in a controlled corporation; Interest of concert party	529,200,000	51.55%
Mr. Hsieh Kun Tse ⁽³⁾	Interest in a controlled corporation	156,000,000	15.20%
Mr. Zhang Lake Mozi ⁽⁴⁾	Interest in a controlled corporation; Interest of spouse	84,000,000	8.18%

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) Each of Properous Commitment Holdings Limited ("Properous Commitment") and Winner Zone Enterprises Limited ("Winner Zone") is directly and wholly owned by Mr. Hsieh Kun Tse, a non-executive Director, who is therefore deemed to be interested in all the shares held by each of Properous Commitment and Winner Zone. The issued share capital of the Company held by Properous Commitment will be used for implementation of future share incentive schemes for eligible employees of the Group at the direction and pursuant to the instructions of the Board.
- (4) 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. Mr. Zhang Lake Mozi and Ms. Wang Rong are therefore deemed to be interested in the interests of each other.
- (5) As disclosed in the Prospectus dated 30 June 2015 (the "Prospectus"), Ms Li Juan and Mr. Cheng Li, being the controlling shareholders of the Company, have undertaken to keep a shareholding interests of not less than 51% in the Company. In view of the dilution effect when the over-allotment option is exercised, Loyal Alliance, which is wholly-owned by Ms. Li Juan, has purchased in aggregate 19,200,000 shares from investors before the exercise of the over-allotment option in order to maintain their shareholding interests of not less than 51% in the Company.



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* ⁽²⁾ (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* ⁽²⁾ (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	Interest of spouse	85%
	Nanjing Xinchuang	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 the date of this report, 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.

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

As at 30 June 2015, the shares of the Company were not listed on the GEM. The respective Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable.

So far as the Directors are aware, as at the date of this report, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position 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, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:



CORPORATE GOVERNANCE AND OTHER INFORMATION

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding interests
Loyal Alliance ⁽¹⁾⁽⁶⁾	Beneficial owner	193,200,000	18.82%
Prime Wish ⁽¹⁾	Beneficial owner	216,000,000	21.04%
Victory Glory ⁽²⁾	Beneficial owner	120,000,000	11.69%
Properous Commitment ⁽³⁾	Beneficial owner	51,600,000	5.03%
Winner Zone ⁽³⁾⁽⁴⁾	Trustee	104,400,000	10.17%
Sharp Knight ⁽⁵⁾	Trustee	84,000,000	8.18%
Ms. Wang Rong ⁽⁵⁾	Beneficial owner; Interest of spouse	84,000,000	8.18%
Shanghai AMVC Culture Investment Management Center (a Limited Partnership) ^{* (4)} (上海早鳥文化投資管理中心(有限合夥)) ⁽⁴⁾	Beneficiary of a trust	104,400,000	10.17%
Shanghai AMVC Investment Management Centre (a Limited Partnership) ^{* (4)} (上海早鳥投資管理中心(有限合夥)) ⁽⁴⁾	Interest of controlled corporation	104,400,000	10.17%
Beijing Zhongchengma ⁽⁵⁾	Beneficiary of a trust	84,000,000	8.18%

Notes:

- (1) Each of Loyal Alliance and 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 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) Each of Properous Commitment and Winner Zone is directly and wholly owned by Mr. Hsieh Kun Tse, a non-executive Director, who is therefore deemed to be interested in all the shares held by each of Properous Commitment and Winner Zone. The issued share capital of the Company held by Properous Commitment will be used for implementation of future share incentive schemes for eligible employees of the Group at the direction and pursuant to the instructions of the Board.
- (4) Winner Zone holds the shares as trustee for and on behalf of 上海早鳥文化投資管理中心(有限合夥) (Shanghai AMVC Culture Investment Management Center (A Limited Partnership)), the general partner of which is Shanghai AMVC Investment Management Center (A Limited Partnership) (上海早鳥投資管理中心(有限合夥)), which is in turn co-founded and controlled by Mr. Hsieh Kun Tse, a non-executive Director.
- (5) 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.
- (6) As disclosed in the prospectus of the Company, Ms Li Juan and Mr. Cheng Li, being the controlling shareholders of the Company, have undertaken to keep a shareholding interests of not less than 51% in the Company. In view of the dilution effect when the over-allotment option is exercised, Loyal Alliance, which is wholly-owned by Ms. Li Juan, has purchased in aggregate 19,200,000 shares from investors before the exercise of the over-allotment option in order to maintain their shareholding interests of not less than 51% in the Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at the date of this report, 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, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the written resolutions of all the shareholders of the Company passed on 19 June 2015. No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 June 2015 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

The Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares from the Listing Date to the date of this report.

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 from the Listing Date to the date of this report.

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 on 19 June 2015 (the "Deed of Non-competition"). 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. As far as the Directors are aware of, as at the date of this report, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.



CORPORATE GOVERNANCE AND OTHER INFORMATION

PROPOSED SHARE AWARD PLAN

As stated in the Prospectus, the Company intends to adopt a share award plan within 12 months from the Listing Date. To safeguard the interests of eligible employees as well as the Company before its adoption, Properous Commitment Holdings Limited (“Properous Commitment”) and Mr. Hsieh Kun Tse, the non-executive Director who wholly owns Properous Commitment, has undertaken to, inter alia, hold on trust and in escrow the shares of the Company held by it and any related dividends and other distributions for the benefit of the eligible employees of the Group. Details of the proposed share award plan are set out in the paragraph headed “Proposed Share Award Plan” in the section headed “Statutory and General Information” of the Prospectus.

As at the date of this report, no share award plan has been adopted by the Company.

As far as the Directors are aware of, as at the date of this report, each of Properous Commitment and Mr. Hsieh Kun Tse has complied with their respective undertakings.

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND THE CONTRACTUAL ARRANGEMENT

The Group’s primary business is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under the present 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 wishing to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good track record and operating experience in providing value-added telecommunications services overseas (“Qualification Requirements”).

As far as the Directors are aware of, 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.

COMPETING INTERESTS

As far as the Directors are aware of, as at the date of this report, none of the Directors or the Controlling Shareholders have 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 at the date of this report, save and except for the compliance adviser agreement entered into between the Company and China Everbright Capital Limited (the “Compliance Adviser”) dated 16 February 2015, neither the Compliance Adviser 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

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 internal control system 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 this report.

AUDITORS

The Group’s interim condensed consolidated financial statements for the six months ended 30 June 2015 have been reviewed by Ernst & Young, Certified Public Accountants.

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 the code provisions in the CG Code since the Listing Date.

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

Hong Kong, 14 August 2015

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.

* *For identification purposes only*



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the board of directors of China Parenting Network Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of China Parenting Network Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 16 to 32, which comprises the interim condensed consolidated statements of financial position as at 30 June 2015, and the interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the six-month then ended, and explanatory notes. The GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

14 August 2015

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
REVENUE	5	21,167	12,854	36,000	22,223
Cost of sales		(1,573)	(1,102)	(3,141)	(2,228)
Gross profit		19,594	11,752	32,859	19,995
Other income and gains	5	–	117	310	166
Administrative expenses		(3,090)	(524)	(6,652)	(1,067)
Selling and distribution expenses		(1,335)	(1,728)	(2,592)	(2,889)
Research and development costs		(3,771)	(3,092)	(6,677)	(6,758)
Profit before tax	6	11,398	6,525	17,248	9,447
Income tax expense	7	(162)	(64)	(275)	(127)
Profit and other comprehensive income for the period		11,236	6,461	16,973	9,320
Profit attributable to:					
Owners of the parent		11,564	4,441	17,315	6,497
Non-controlling interests		(328)	2,020	(342)	2,823
		11,236	6,461	16,973	9,320
Total comprehensive income attributable to:					
Owners of the parent		11,564	4,441	17,315	6,497
Non-controlling interests		(328)	2,020	(342)	2,823
		11,236	6,461	16,973	9,320
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted					
For profit for the period (expressed in RMB per share)	8	0.0145	0.0056	0.0216	0.0081



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	783	970
Long-term receivables	17	317	305
Total non-current assets		1,100	1,275
CURRENT ASSETS			
Inventories	10	75	53
Trade receivables	11	27,229	27,947
Prepayments, deposits and other receivables	12	4,706	2,737
Cash and cash equivalents	13	13,957	9,618
Total current assets		45,967	40,355
CURRENT LIABILITIES			
Trade payables	14	154	92
Advances from customers	15	457	112
Other payables and accruals	16	9,174	8,366
Tax payable		525	1,626
Dividend payable	18	–	11,699
Total current liabilities		10,310	21,895
Net current assets		35,657	18,460
Total assets less current liabilities		36,757	19,735
Net assets		36,757	19,735
EQUITY			
Equity attributable to owners of the parent			
Share capital		–	–
Reserves		37,180	19,865
		37,180	19,865
Non-controlling interests		(423)	(130)
Total equity		36,757	19,735



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent				Non- controlling interests	Total
	Share capital	Reserves	Retained profits	Total		
At 1 January 2015	–	19,810	55	19,865	(130)	19,735
Profit for the Period	–	–	17,315	17,315	(342)	16,973
Total comprehensive income for the period	–	–	17,315	17,315	(342)	16,973
Capital contribution from non-controlling interests	–	–	–	–	49	49
Appropriation to statutory reserves	–	166	(166)	–	–	–
At 30 June 2015 (unaudited)	–	19,976*	17,204*	37,180	(423)	36,757
At 1 January 2014	–	7,934	8,143	16,077	3,770	19,847
Profit for the period	–	–	6,497	6,497	2,823	9,320
Total comprehensive income for the period	–	–	6,497	6,497	2,823	9,320
Appropriation to statutory reserves	–	819	(819)	–	–	–
At 30 June 2014 (unaudited)	–	8,753	13,821	22,574	6,593	29,167

* These components of equity comprise the consolidated reserves of RMB 37,180,000 (31 December 2014: 19,865,000) in the consolidated statements of financial position as at 30 June 2015.



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the six months ended	
		30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	6	17,248	9,447
Adjustments for:			
Allowance for doubtful accounts	11	–	36
Interest income	5	(10)	(156)
Depreciation		295	342
		17,533	9,669
Increase in long-term receivables	17	(12)	–
Increase in inventories	10	(22)	–
Decrease in trade receivables	11	718	3,388
Increase in prepayments, deposits and other receivables	12	(279)	(14,062)
Increase in trade payables	14	62	–
Increase in advances from customers	15	345	–
Increase in other payables and accruals	16	806	8,498
Cash generated from operations		19,151	7,493
Income tax paid	7	(1,376)	(97)
Net cash flows from operating activities		17,775	7,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		10	156
Purchases of items of property, plant and equipment	9	(110)	(162)
Net cash used in investing activities		(100)	(6)



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Notes	For the six months ended	
		30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to then shareholders	18	(11,699)	–
Prepayment for listing expenses	12	(1,686)	–
Repayment of related party amount	21	–	(2,345)
Capital injection from non-controlling interests		49	–
Net cash used in financing activities		(13,336)	(2,345)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,339	5,045
Cash and cash equivalents at beginning of the period		9,618	10,931
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		13,957	15,976



NOTES TO INTERIM 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 the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 July 2015 (the “Listing Date”). 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.

The principal activity of the Company is investment holding. The Group is an online platform focusing on the Children-Babies-Maternity market in China and are mainly engaged in provision of marketing and promotional service and e-commerce business. There has been no significant change in the Group’s principal activities during the period.

On 6 March 2015, Nanjing Xile Information Technology Company Limited* (南京矽樂信息技術有限公司) (“Nanjing Xile”) was established in the PRC and is held as to 51% by Xibai (Nanjing) Information Technology Company Limited* (矽柏(南京)信息技術有限公司) (“Nanjing Xibai”) and 49% by Mr. Zhao Hongwei.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2015 has been prepared in accordance with the International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with those of the accountants’ report for the year ended 31 December 2014 included in the prospectus dated 30 June 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the accountants’ report for the year ended 31 December 2014 included in the prospectus dated 30 June 2015, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2015, noted below:

Amendments to IAS 19
Annual Improvements 2010–2012 Cycle
Annual Improvements 2011–2013 Cycle

Defined benefit plans: Employee contributions
Amendments to a number of IFRSs
Amendments to a number of IFRSs

The adoption of the above new or revised standards, interpretation and amendments has had no material financial effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of marketing and promotional service 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 six months ended 30 June 2015 and 2014, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical segment information is presented.

Information about major customers

For the six months ended 30 June 2015, revenue of approximately RMB11,252,000 (six months ended 30 June 2014: RMB7,898,000) 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 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
Customer A	5,909	1,009
Customer B	3,239	3,669
Customer C	2,104	3,220
	11,252	7,898

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the value of services rendered and the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue				
Marketing and promotional service	21,002	12,854	35,673	22,223
E-commerce	165	–	327	–
	21,167	12,854	36,000	22,223
Other income				
Bank interest income	–	107	10	156
Government grants*	–	10	300	10
	–	117	310	166

* Government grants were received from the government of the PRC mainly for subsidising the VAT tax paid by the Group. There are no unfulfilled conditions or contingencies relating to the grants.

6. PROFIT BEFORE TAX

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

	Notes	For the six months ended	
		30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
Cost of inventories sold		294	–
Cost of services provided		2,714	2,004
Depreciation		295	342
Listing expense		5,561	–
Bank interest income	5	(10)	(156)
Government grants	5	(300)	(10)



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. 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 PRC subsidiaries are subject to income tax at a statutory rate of 25% on their respective taxable income, except for Nanjing Xibai, which was certified as Software Enterprises and is exempted from income tax for two years starting from the first year in which it generates taxable profit, followed by a 50% reduction for the next three years. 2015 is the first profitable year for Nanjing Xibai.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Group:				
Current — PRC				
Charge for the period	162	64	275	127
Total tax charge for the period	162	64	275	127



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. 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 of 800,000,000 (2014: 800,000,000) in issue during the three months and six months ended 30 June 2015 and 2014.

The number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalization issue as disclosed in note 23 as if the shares had been in issue throughout both periods.

There were no potentially dilutive ordinary shares in issue during the three months and six months ended 30 June 2015 and 2014, 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 30 June		For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Profit attributable to ordinary equity holders of the parent (RMB'000)	11,564	4,441	17,315	6,497
Weighted average number of ordinary shares in issue	800,000,000	800,000,000	800,000,000	800,000,000
Basic and diluted earnings per share (expressed in RMB per share)	0.0145	0.0056	0.0216	0.0081

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired assets with a cost of RMB 110,000 (six months ended 30 June 2014: RMB 192,000) on additions to property, plant and equipment.

No assets were disposed of by the Group during the six months ended 30 June 2015 (six months ended 30 June 2014: nil).



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. INVENTORIES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Finished goods	75	53
	75	53

11. TRADE RECEIVABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Trade receivables	27,229	27,947
Impairment	-	-
	27,229	27,947

The Group's trading terms with its customers are mainly on credit. The credit period is generally 60–90 days after completion of the service contract. 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 minimize 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 receivables balances. Trade receivables are non-interest-bearing.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES *(Continued)*

An aged analysis of the trade receivables as at 30 June 2015 and 31 December 2014, based on the date of the service rendered, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within 3 months	16,598	20,281
4–6 months	6,190	4,127
7 months–1 year	3,567	2,691
1–2 years	874	848
	27,229	27,947

The movements in provision for impairment of trade receivables are as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At 1 January	–	–
Impairment losses recognized	–	36
Amount written off as uncollectible	–	(36)
Impairment losses reversed	–	–
	–	–

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interests and/or principal payments and only a portion of the receivables is expected to be recovered.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Neither past due nor impaired	21,080	21,863
Less than one year past due	6,149	6,084
	27,229	27,947

Receivables that were neither past due nor impaired relate to customers with a good track record for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Listing expense	3,015	1,332
Prepaid expense	948	694
Deductible sales tax	177	344
Employee advance	325	261
Rental deposits	69	45
Others	172	61
	4,706	2,737

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.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. CASH AND CASH EQUIVALENTS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Cash and bank balances	13,957	9,618

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB13,957,000. 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 authorized to conduct foreign exchange business.

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 and pledged deposits are deposited with creditworthy banks with no recent history of default.

14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of 30 June 2015 and 31 December 2014, based on the invoice date, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within three months	154	92
	154	92

The trade payables are non-interest-bearing and are normally settled within terms of 30 to 120 days.

15. ADVANCES FROM CUSTOMERS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Advances from customers	457	112

Advances from customers are non-interest-bearing and are normally recognized in the profit or loss within 90 days.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. OTHER PAYABLES AND ACCRUALS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Other tax payables	1,271	1,637
Other payables	4,562	2,190
Employee related payable	3,341	4,539
Total	9,174	8,366

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

17. LONG-TERM RECEIVABLES

The balance represents a rental deposit and contract deposits refundable beyond one year since 30 June 2015 and 31 December 2014.

18. DIVIDEND PAYABLE

On 31 October 2014, the Group declared a dividend of RMB0.0246 per share in the amount of RMB19.7 million payable to the then existing shareholders, namely Jiangsu Xi'an Information Technology Company Limited* (江蘇矽岸信息技術有限公司) ("Jiangsu Xi'an"), of which RMB8.0 million has been paid in December 2014, RMB5.0 million has been paid in March 2015 and RMB6.7 million has been paid in April 2015.

19. CONTINGENT LIABILITIES

As at 30 June 2015, neither the Group nor the Company had any significant contingent liabilities.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 30 June 2015 and 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	877	696
In the second to fifth years, inclusive	250	396
	1,127	1,092

21. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name	Relationship
Jiangsu Xi'an	An entity controlled by Ms. Li Juan and Mr. Cheng Li

(b) There was no related party transaction between the Group and Jiangsu Xi'an during the six months ended 30 June 2015. An amount of RMB2,345,000 due to Jiangsu Xi'an has been repaid for the corresponding period in 2014.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
Short term employee benefits	1,499	875
Pension scheme contributions	147	27
	1,646	902



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Financial assets				
Long term receivable	250	250	220	220

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, deposits and other receivables, trade payables and other payables, based on their notional amounts, reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The fair values of the long term receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

23. SUBSEQUENT EVENTS

In connection with the Company's initial public offering ("IPO") on 8 July 2015, 200,000,000 shares of HK\$0.01 each of the Company were issued at an issue price of HK\$1.39 and listed on the GEM.

Upon the creation of the Company's share premium account as a result of the IPO, an amount of HK\$7,999,990 standing to the credit of the share premium account of the Company has been capitalized by applying such sum towards paying up in full at par a total of 799,999,000 shares for allotment and issue to the then existing shareholders. As at the date of the capitalization issue, 1,000 shares was in issue with an amount of HK\$10 and therefore the total outstanding shares were 1,000,000,000 including the 200,000,000 issued upon IPO.

Pursuant to the over-allotment option, the Company may be required to allot and issue up to an aggregate of 37,500,000 additional shares. The over-allotment option has been partially exercised on 30 July 2015 in respect of an aggregate of 26,500,000 shares at HK\$1.39 per share. The shares were allotted and issued by the Company on 6 August 2015. After the partial exercise of the over-allotment option, the total number of issued shares of the Company amounts to 1,026,500,000 shares.

24. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved and authorised for issue by the board of directors on 14 August 2015.