

2015

THIRD QUARTERLY REPORT



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

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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.

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HIGHLIGHTS

	For the nine months ended	
	30 September	30 September
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	55,395	33,937
Gross profit	50,573	30,686
Profit for the period	23,955	11,834
Attributable to:		
Owners of the parent	24,939	8,261
Non-controlling interests	(984)	3,573

- The Group's revenue for the nine months ended 30 September 2015 (the "Period") was approximately RMB55.4 million, representing an increase of approximately 63.4% over the revenue of approximately RMB33.9 million for the corresponding period in 2014.
- The Group's profit attributable to owners of the parent for the Period was approximately RMB24.9 million, comparing with the profit attributable to the owners of the parent of approximately RMB8.3 million for the corresponding period in 2014.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is currently a leading vertical online platform for the Children-Babies-Maternity (“CBM”) market in China. It offers comprehensive, professional and latest CBM information, news, product information etc., and also provide users with a diversified social network. The Group’s platforms include the CI Web (育兒網) (www.ci123.com), other mobile Web, mobile APPs and the IPTV APP, of which the Company’s flagship platform – the CI Web – was officially launched in 2006. By the end of 2014, CI Web recorded over 30 million active users per month. The Group was listed on GEM in Hong Kong in July 2015, becoming the first listed CBM online platform of China.

Most of the Group’s operating income for the Period derived from the provision of marketing and promotional services, including the income from advertising agents, non-advertising agents and third-party online shopping platforms. The Group launched its e-commerce businesses in September 2014, and has been engaged in joint research and development of smart-hardware devices since August 2014. On 28 August 2015, the Group also held the “MUM AND MORE Mother and Infant Transboundary Cooperation Summit 2015” in Shanghai, attracting a number of participants comprising domestic and overseas elites and top management of the industry. Meanwhile, the Company successfully engaged Ms. Christine Fan, a famous artist in Taiwan, as the spokesperson of our website in China. The event enhanced the brand image and appeal of the Group, and is expected to bring about more potential cooperation opportunities.

The Group is committed to providing users with latest CBM news and a related interactive platform. Its businesses are under the impact of the development of CBM industry in China. In October 2015, the 5th Plenary Session of the 18th CPC Central Committee decided to launch the two-child policy. The Group believes that there will be a baby boom in China in a few years after the implementation of the policy. The annual population growth in China is estimated to be around 3 million to 8 million, which is beneficial to the Group.

In addition, the Group values modern families’ needs, provides users with diversified and quality services continuously and develops targeted new products to seize the new market within the industry. Based on the needs of young modern families, the Group continues to develop a number of O2O platforms during the Period. The mobile APPs launched by the Group not only provide offline merchants with online platforms and vertical customer sources, but also bring along more potential business cooperation opportunities for the market, thereby benefiting the extension and future development of businesses. One of those APPs – Mother-Child Weekend – can cater for the needs of a child in an effective way for busy parents during weekends. It offers vertical and thoughtful service information and organizes city-wide activities, and is primarily promoting in first-tier and second-tier cities currently and has got positive market response. The Group aims at providing users with diversified and quality services. As a result, we identify customers’ needs based on our database and launch a self-developed animated video clip named “Parenting: You Know What?”, covering various hot topics ranging from preparation for pregnancy to parenting kids of different ages. The clip has been uploaded to famous video websites such as Sohu Video and positive comments have been seen with increasing subscriptions and hit rate. During the Period, a company qualified for marketing funds in China has initiated preliminary co-operations with our Group in assisting it in expanding mother-child online financial services like consumption and wealth management through the Company’s online platforms, these services will enable the Group to fill the space of the market and reinforce the loyalty of users. Due to the positive circumstances such as the sustained rapid growth of the industry and the increase in internet users, the Group is optimistic with the outlook of the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Group is planning to develop “Smart Mother-Child Strategies” in the future. With this belief, we will regard the demand of mother and child of modern families as the core and provide users with premium services and innovative resources through integrated O2O channels, leading technologies and co-operation with top tier brand names within the industry. Projects under planning and in the pipeline include “Smart Pregnancy”, “Smart Family Early Education”, “Smart Kindergarten”, “Smart Early Education Center” and “Smart Mother-Child Finance”.

The Group plans to organize and take part in various offline activities, aiming at leveraging on its huge user group and the influence of the mother-child group to call upon the public to participate in social or charity events and showing the Group’s ability in operating O2O channels. In October 2015, with the Group’s huge mother-child group and its influence among the industry, as well as relevant medical institutions’ abundant resources and extensive experience in the field of mother-child medical field, the Group worked with other parties to organize the largest “Pregnant Women Yoga Guinness Challenge 2015”. The Group believes that it can expand the diversified mother-child medical field after the said co-operation so as to speed up the development of smart mother-child medical projects within the “Smart Mother-Child Strategies” of the Group.

With the implementation of the new two-child policy, the Group will continuously develop smart mother-child projects and optimize the Group and the mother-child industry with its Smart Mother-Child Strategies so as to build up an influential CBM online platform with leading technologies and resources, which truly understands the user group.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately 63.4% from approximately RMB33.9 million for the nine months ended 30 September 2014 to approximately RMB55.4 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 45.5% from approximately RMB3.3 million for the nine months ended 30 September 2014 to approximately RMB4.8 million for the Period, primarily due to (i) the increase in 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 64.8% from approximately RMB30.7 million for the nine months ended 30 September 2014 to approximately RMB50.6 million for the Period. The Group’s gross profit margin increased slightly from approximately 90.6% to approximately 91.3% during the same period due to the increased economies of scale as the Group’s revenue grew significantly.



MANAGEMENT DISCUSSION AND ANALYSIS

Other income and gains

Other income and gains increased from approximately RMB0.3 million for the nine months ended 30 September 2014 to approximately RMB2.3 million for the Period primarily due to the government grants provided by the local government as a development support funds.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 15.9% from approximately RMB4.4 million for the nine months ended 30 September 2014 to approximately RMB5.1 million for the Period, primarily attributable to the increase of promotion expense for "MUM AND MORE Mother and Infant Transboundary Cooperation Summit 2015" held in Shanghai.

Administrative expenses

The Group's administrative expenses increased by approximately 148.1%, from approximately RMB5.4 million for the nine months ended 30 September 2014 to approximately RMB13.4 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 increased by approximately 7.6% from approximately RMB9.2 million for the nine months ended 30 September 2014 to approximately RMB9.9 million for the Period, primarily due to the increasing in the number of technical staff.

Income tax expense

The Group's income tax expense increased from approximately RMB0.2 million for the nine months ended 30 September 2014 to approximately RMB0.4 million for the Period, primarily attributable to the increase in profit before tax.

Profit for the period

As a result of the factors described above, the Group's net profit increased by approximately 103.4% from approximately RMB11.8million for the nine months ended 30 September 2014 to approximately RMB24.0 million for the nine months ended 30 September 2015.

Capital Structure

The shares of the Company (the "Shares") have been listed on GEM of the Stock Exchange since 8 July 2015. The capital structure of the Group comprised ordinary shares.

Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (nine months ended 30 September 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 OF ITS ASSOCIATED CORPORATION

As at 30 September 2015, 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
Ms. Li Juan ^{(1) (5)}	Interest in a controlled corporation	409,200,000	
	Interest of concert party	120,000,000	
	Total:	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	120,000,000	
	Interest of concert party	409,200,000	
	Total:	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	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 the implementation of future share incentive schemes for eligible employees of the Group at the direction and pursuant to the instructions of the Board.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (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, the controlling shareholders of the Company, have undertaken to maintain 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 shareholding interests of not less than 51% in the Company.

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 ⁽²⁾	Interest of spouse	85%
	Nanjing Xinchuang ⁽²⁾	Interest of spouse	85%
Mr. Cheng Li	Nanjing Xihui ⁽²⁾	Beneficial owner	15%
	Nanjing Xinchuang ⁽²⁾	Beneficial owner	15%

Notes:

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

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

Save as disclosed above, as at 30 September 2015, 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

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

So far as the Directors are aware, as at 30 September 2015, 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⁾⁽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⁾	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 Center (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.
- (2) Victory Glory is directly and wholly owned by Mr. Cheng Li.
- (3) Each of Properous Commitment and Winner Zone is directly and wholly owned by Mr. Hsieh Kun Tse.
- (4) Winner Zone holds the shares as trustee for and on behalf of Shanghai AMVC Culture Investment Management Center (a Limited Partnership) (上海早鳥文化投資管理中心(有限合夥)), 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, the controlling shareholders of the Company, have undertaken to maintain 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 shareholding interests of not less than 51% in the Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 September 2015, 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 has a share option scheme (the “Share Option Scheme”) which was approved and adopted by way of 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 by the Company.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the nine months ended 30 September 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 (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.

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 the adoption of the said plan, 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 in the Company held by it and any related dividends and other distributions for the benefit of 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.

So far as the Directors are aware, 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 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.

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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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 material 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.

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.

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, 12 November 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*

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

THIRD 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 2014. 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 OR LOSS

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
REVENUE	3	19,395	11,714	55,395	33,937
Cost of sales		(1,681)	(1,023)	(4,822)	(3,251)
Gross profit		17,714	10,691	50,573	30,686
Other income and gains	3	1,978	147	2,288	313
Administrative expenses		(6,785)	(4,318)	(13,437)	(5,385)
Selling and distribution expenses		(2,533)	(1,464)	(5,125)	(4,353)
Research and development costs		(3,208)	(2,479)	(9,885)	(9,237)
Finance Costs		(32)	–	(32)	–
PROFIT BEFORE TAX		7,134	2,577	24,382	12,024
Income tax expense	4	(152)	(63)	(427)	(190)
PROFIT FOR THE PERIOD		6,982	2,514	23,955	11,834
Profit attributable to:					
Owners of the parent		7,624	1,764	24,939	8,261
Non-controlling interests		(642)	750	(984)	3,573
		6,982	2,514	23,955	11,834
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	0.0075	0.0022	0.0286	0.0103

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
PROFIT FOR THE PERIOD		6,982	2,514	23,955	11,834
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		10,409	–	10,409	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17,391	2,514	34,364	11,834
Total comprehensive income attributable to:					
Owners of the parent		18,033	1,764	35,348	8,261
Non-controlling interests		(642)	750	(984)	3,573
		17,391	2,514	34,364	11,834

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total	Non-controlling interests	Total
	Share capital	Share premium	Reserves funds	Other reserve	Exchange fluctuation reserve	Retained profits			
At 1 January 2015	-	-	2,968	16,842	-	55	19,865	(130)	19,735
Profit for the Period	-	-	-	-	-	24,939	24,939	(984)	23,955
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	10,409	-	10,409	-	10,409
Total comprehensive income for the period	-	-	-	-	10,409	24,939	35,348	(984)	34,364
Issuance of shares for the IPO	8,097	240,242	-	-	-	-	248,339	-	248,339
Share issuance expense	-	(13,872)	-	-	-	-	(13,872)	-	(13,872)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	49	49
Appropriation to statutory reserves	-	-	166	-	-	(166)	-	-	-
At 30 September 2015 (unaudited)	8,097	226,370	3,134	16,842	10,409	24,828	289,680	(1,065)	288,615
At 1 January 2014	-	-	934	7,000	-	8,143	16,077	3,770	19,847
Profit for the period	-	-	-	-	-	8,261	8,261	3,573	11,834
Total comprehensive income for the period	-	-	-	-	-	8,261	8,261	3,573	11,834
Appropriation to statutory reserves	-	-	819	-	-	(819)	-	-	-
At 30 September 2014 (unaudited)	-	-	1,753	7,000	-	15,585	24,338	7,343	31,681



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 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, Loyal Alliance, Prime Wish and Victory Glory are the Company’s Controlling Shareholders.

The principal activity of the Company is investment holding. The Group is an online platform focusing on the CBM market in China and is 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.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the period has been prepared in accordance with the 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 2014. 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.

The 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. 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 September		For the nine months ended 30 September	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue				
Marketing and promotional service	19,228	11,660	54,901	33,883
E-commerce	167	54	494	54
	19,395	11,714	55,395	33,937
Other income				
Bank interest income	2	147	12	303
Government grants*	1,424	–	1,724	10
Exchange gain	552	–	552	–
	1,978	147	2,288	313

On 3 August 2015, Nanjing Xihui Information Technology Co. Ltd ("Nanjing Xihui"), a subsidiary of the Company, received government grants with an aggregate amount of RMB1,414,000 which were provided by the local government as a development support funds. The government grants did not specify any repayment terms or conditions that are required to be met.

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 PRC subsidiaries are subject to income tax at a statutory rate of 25% on their respective taxable income, except for Xibai (Nanjing) Information Technology Company Limited (“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 September 2015 (Unaudited) RMB'000		For the nine months Ended 30 September 2015 (Unaudited) RMB'000	
		2014 (Unaudited) RMB'000		2014 (Unaudited) RMB'000
Group:				
Current – PRC				
Charge for the period	152	63	427	190
Total tax charge for the period	152	63	427	190

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 and nine months ended 30 September 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 if the shares had been in issue throughout all periods presented.

There were no potentially dilutive ordinary shares in issue during the three months and nine months ended 30 September 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 September 2015 (Unaudited)		For the nine months ended 30 September 2015 (Unaudited)	
		2014 (Unaudited)		2014 (Unaudited)
Profit attributable to ordinary equity holders of the parent (RMB'000)	7,624	1,764	24,939	8,261
Weighted average number of ordinary shares in issue	1,017,666,667	800,000,000	872,555,556	800,000,000
Basic and diluted earnings per share (expressed in RMB per share)	0.0075	0.0022	0.0286	0.0103