



2016

FIRST 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.

This report will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted on the website of the Company at <http://www.ci123.com>.

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HIGHLIGHTS

The following table sets forth the consolidated statements of profit or loss and other comprehensive income of the Group for the three months ended 31 March 2016.

	For the three months ended 31 March	
	2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Revenue	17,815	14,833
Gross profit	13,426	13,265
Profit for the Period	6,190	5,737
Attributable to:		
Owners of the parent	6,840	5,751
Non-controlling interests	(650)	(14)

- The Group's revenue for the three months ended 31 March 2016 (the "Period") was approximately RMB17.8 million, representing an increase of approximately 20.3% over the revenue of approximately RMB14.8 million for the corresponding period in 2015.
- The Group's profit attributable to owners of the parent for the Period was approximately RMB6.8 million, comparing with the profit attributable to the owners of the parent of approximately RMB5.8 million for the corresponding period in 2015.
- The Group does not recommend the payment of an interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading vertical online platform for the Children-Babies-Maternity market in China, aiming at providing users with value-added services like new media, contents, community, smart hardware, e-commerce and cross-border services with such platforms as the CI Web (育兒網), mobile CI Web, mobile APPs and the IPTV APP.

The Group adopted a diversified revenue model. Substantially all the Group's operating income for the Period, including the income from advertising agents, non-advertising agents and third-party online shopping platforms as well as sales of goods arising from business expansion in Hong Kong, was derived from the provision of marketing and promotional services.

Given the two-child policy in effect in China, the potential of mother-child market in China was unleashed gradually, thus boosting customers' need for marketing and promotion services. While the Group has been improving its business and continuing to develop the Smart Mother-Child Strategy since 2015 with its first-mover advantage, strong research and development capability, reputation built through 11 years as well as extensive knowledge on client needs, the Group has been committed to actively research and develop platforms, services and the industry so as to expand mother-child services to include family services, and to introduce an intelligent lifestyle to millions of families.

Through an analysis on accumulated industry information, the CI Web fully understood new-generation mothers' behaviour in the Internet world, thereby providing speedy, personalized, extensive and proactive services to the mother-child mobile online platform where mothers gathered around. Accordingly, the marketing approach of "be smart through a smart way", which adopted a smart marketing mode to cope with the intelligent lifestyle of mothers, was introduced to provide mother-child brands with smart marketing campaigns featuring platform marketing, content marketing and cross-industry marketing. Overwhelming response was received from the market accordingly.

Capitalizing on the big data, the CI Web conducted an analysis on users' needs, thereby constantly building the content model of "PGC+OGC+UGC" for users, which integrated self-produced videos, selected programs and self-developed professional contents on Weibo and Wechat. We launched "Parenting: Do You Know This?" and "Every day's Tasty Meal", with each episode recorded over 3 million hits. Furthermore, we established influential media alliances with professional institutions, mother-child celebrities, active users and brands accounts to provide users with more convenient accesses to parenting information and knowledge and to encourage active participation and interaction, thus facilitating an extensive spreading effect inside and outside the website. We cooperated with more than 13 famous media companies.

With the ever increasing demand for vaccination for babies and women in mainland China, the CI Web worked together with Town Health International Medical Group Limited (Stock code: 3886), a listed company in Hong Kong, to launch cross-border mother-child vaccination services during the Period as one of the smart medical care projects. Being the first mother-child website in mainland to launch mother-child vaccination services, the CI Web also planned to provide mother-child value-added services with guaranteed quality and, taking it as a starting point, to introduce advanced medical care information and services from overseas.

The Group continued to integrate advanced technology solutions with O2O platforms to provide quality services and resources to users. During the Period, the Group upgraded the "Mother-Child Weekend" (親子週末) APP with focus on social and educational implications of parent-child interactions. It included not only classic offline amusement park games but also natural and general science education and experimental parent-child activities. In addition, through strategic cooperation with third-party online tourism platforms, the Group was able to develop parent-child tourism contents. Mother-Child Weekend regularly held offline activities in 1st and 2nd tier cities and promising response was received, thus strengthening the brand influence of which.

MANAGEMENT DISCUSSION AND ANALYSIS

In the future, the Group will continue to improve the platform and expand current services by introducing elements like family financial management, city-based parent-child activities, parent-child touring in surrounding regions, parent-child relationship development, early education for kids, family entertainment for kids, medical care and insurance to the platform for the sake of assimilating them into a smart family lifestyle. As a result, the Group will be able to provide personalized solutions for families ranging from those preparing for new born babies to those with 12 years-old kids.

FINANCIAL REVIEW

Revenue

The Group's revenue for the three months ended 31 March 2016 was approximately RMB17.8 million, representing an increase of approximately 20.3% over approximately RMB14.8 million for the three months ended 31 March 2015, primarily due to the increased sales of goods, 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 for the three months ended 31 March 2016 was approximately RMB4.4 million, representing an increase of approximately 175% over approximately RMB1.6 million for the three months ended 31 March 2015, primarily due to the cost for the Group's sales of goods which commenced in November 2015.

Gross profit and gross profit margin

The Group's gross profit for the three months ended 31 March 2016 was approximately RMB13.4 million, representing an increase of approximately 0.8% over approximately RMB13.3 million for the three months ended 31 March 2015. During the Period, the Group's gross profit margin decreased from approximately 89.4% to approximately 75.4% due to lower gross profit of sales of goods which commenced in November 2015.

Other income and gains

The Group's other income and gains for the three months ended 31 March 2016 was approximately RMB0.4 million, compared to approximately RMB0.3 million for the three months ended 31 March 2015, primarily due to the net effect of the increase in exchange loss from Hong Kong Dollars deposit arising from changes in exchange rates and the interest income generated from the loan to Lofty Force Limited and financing lease.

Selling and distribution expenses

The Group's selling and distribution expenses for the three months ended 31 March 2016 was approximately RMB1.8 million, representing an increase of approximately 38.5% over approximately RMB1.3 million for the three months ended 31 March 2015, primarily attributable to the increase of endorsement expense for marketing and promotional services.

Administrative expenses

The Group's administrative expenses for the three months ended 31 March 2016 was approximately RMB2.0 million, representing a decrease of approximately 44.4% over approximately RMB3.6 million for the three months ended 31 March 2015, primarily due to legal and professional expenses incurred from preparation for the Company's listing on GEM in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development costs

The Group's research and development costs for the three months ended 31 March 2016 was approximately RMB3.6 million, representing an increase of approximately 24.1% over approximately RMB2.9 million for the three months ended 31 March 2015, primarily attributable to the higher staff cost of the fact that the Group gradually reduced its substantial development work, including graphic art and music design of the Group's Mobile APPs that was outsourced to third parties since 2015. And with the accumulation of experience of the Group's development personnel, more development works are performed by the Group's in-house staffs, leading to an increase of staff cost.

Income tax expense

The Group's income tax expense for the three months ended 31 March 2016 was approximately RMB0.12 million, representing an increase of approximately 9.1% over approximately RMB0.11 million for the three months ended 31 March 2015, 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 for the three months ended 31 March 2016 was approximately RMB6.2 million, representing an increase of approximately 8.8% over approximately RMB5.7 million for the three months ended 31 March 2015.

Capital structure

The shares of the Company (the "Shares") have been listed on GEM of the Stock Exchange since 8 July 2015. As at 31 March 2015, the Company's issued share capital was HK\$10,265,000, divided into 1,026,500,000 ordinary shares of HK\$0.01 each.

Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: Nil).

Loan to an Entity

On 26 February 2016, the Star Universal Holdings Limited, a wholly-owned subsidiary of the Company as lender (the "Lender") entered into a loan facility agreement ("Loan Agreement") with an independent third party, Lofty Force Limited as borrower (the "Borrower") and the sole shareholder of the Borrower as guarantor (the "Guarantor") which is also an independent third party.

Pursuant to the Loan Agreement, the Lender agreed to grant to the Borrower, a loan facility of HK\$60,000,000 (the "Loan Facility"), bearing interest at a rate of 6.0% per annum for a period of 36 months commencing from the date of the Borrower's receipt of the funds under the Loan Facility (i.e. 3 March 2016) and subject to a renewal of 12 months upon agreement to be entered between the Borrower and Lender.

The Lender can also exercise an option under the Loan Agreement to subscribe for 10% to 51% of the enlarged issued share capital of the Borrower or purchase 10% to 51% of the issued share capital of the Borrower from its sole shareholder, at a consideration to be determined by a valuation to be conducted by an independent professional valuer. The Loan Facility is secured by guarantee and at the request of the Lender, the Loan Facility will be secured by a charge on assets of the Borrower. Details of the Loan Agreement are set out in the announcement of the Company dated 26 February 2016. As at 31 March 2016, the amount due from the Borrower was approximately HK\$60.3 million (inclusive of interest).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2016, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in the shares of the Company

Name of Director	Nature of Interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding
Ms. Li Juan ^{(1) (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 31 March 2016, 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 31 March 2016, 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 31 March 2016, 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 three months ended 31 March 2016 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 during the Period.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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 interest 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 financial reporting, risk management and internal control systems of the Group and to provide advice to the Board. The Audit Committee consists of two independent non-executive Directors, namely Mr. Wu Chak Man (chairman of the Audit Committee) and Mr. Ge Ning, and one non-executive Director, namely Ms. Li Juan. The Audit Committee has reviewed 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 all the code provisions as set out in the CG Code during the Period.

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

Nanjing, the People’s Republic of China, 11 May 2016

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

FIRST QUARTERLY RESULTS (UNAUDITED)

The Board is pleased to report the unaudited quarterly results and the unaudited condensed consolidated financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2015. These results have been reviewed by the Company's audit committee, comprising two of the independent non-executive Directors and one non-executive Director, with one of the independent non-executive Directors chairing the audit committee.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

	Notes	For the three months ended 31 March	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
REVENUE	3	17,815	14,833
Cost of sales		(4,389)	(1,568)
Gross profit		13,426	13,265
Other income and gains	3	354	311
Administrative expenses		(1,982)	(3,563)
Selling and distribution expenses		(1,819)	(1,257)
Research and development costs		(3,550)	(2,907)
Finance costs		(119)	–
Profit before tax		6,310	5,849
Income tax expense	4	(120)	(112)
Profit for the Period		6,190	5,737
Attributable to:			
Owners of the parent		6,840	5,751
Non-controlling interests		(650)	(14)
		6,190	5,737
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	0.0072

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 31 March	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
PROFIT FOR THE PERIOD		6,190	5,737
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(808)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,382	5,737
Attributable to:			
Owners of the parent		6,032	5,751
Non-controlling interests		(650)	(14)
		5,382	5,737

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 2016	8,097	226,286	6,994	16,842	13,606	30,554	302,379	(1,946)	300,433
Profit for the Period	-	-	-	-	-	6,840	6,840	(650)	6,190
Other comprehensive income for the period									
Exchange differences on translation of foreign operations	-	-	-	-	(808)	-	(808)	-	(808)
Total comprehensive income for the Period	-	-	-	-	(808)	6,840	6,032	(650)	5,382
At 31 March 2016 (unaudited)	8,097	226,286	6,994	16,842	12,798	37,394	308,411	(2,596)	305,815
At 1 January 2015	-	-	2,968	16,842	-	55	19,865	(130)	19,735
Profit for the Period	-	-	-	-	-	5,751	5,751	(14)	5,737
Other comprehensive income for the period									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income for the Period	-	-	-	-	-	5,751	5,751	(14)	5,737
At 31 March 2015 (unaudited)	-	-	2,968	16,842	-	5,806	25,616	(144)	25,472

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Parenting Network Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 13 October 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 July 2015 (the “Listing Date”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the provision of marketing and promotional services through the Group’s platform, including PC Web, Mobile Web, Mobile Application Software (“APPS”) and IPTV APPS; and (ii) e-commerce business in the People’s Republic of China (the “PRC”). There has been no significant change in the Group’s principal activities during the year.

In the opinion of the directors of the Company, as of the date of these financial statements, Ms. Li Juan, Mr. Cheng Li, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited are the Company’s Controlling Shareholders.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the period has been prepared in accordance with International financial Reporting Standards (“IFRS”) which comprise all standards and interpretations approved by the International Accounting Standards Board, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 December 2015. The unaudited condensed consolidated financial information have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

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

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

	For the three months ended	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Revenue		
Marketing and promotional services	15,359	14,671
E-commerce	97	162
Sale of goods	2,359	–
	17,815	14,833
Other income and gains		
Bank interest income	28	7
Interest income from loan to other entity	232	–
Exchange loss	(403)	–
Finance lease interest income	220	–
Government grants	170	300
Other income	107	4
	354	311

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. 2016 is the second profitable year for Nanjing Xibai.

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

	For the three months ended 31 March	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Current – PRC Charge for the Period	120	112
Total tax charge for the Period	120	112

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

The calculation of the basic earnings per share amount is based on the respective profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the three months ended 31 March 2016 and 2015.

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

There were no potentially dilutive ordinary shares in issue during the three months ended 31 March 2016 and 2015, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

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

	For the three months ended 31 March	
	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to ordinary equity holders of the parent (RMB'000)	6,840	5,751
Weighted average number of ordinary shares in issue	907,038,356	800,000,000
Basic and diluted earnings per share (expressed in RMB per share)	0.0075	0.0072