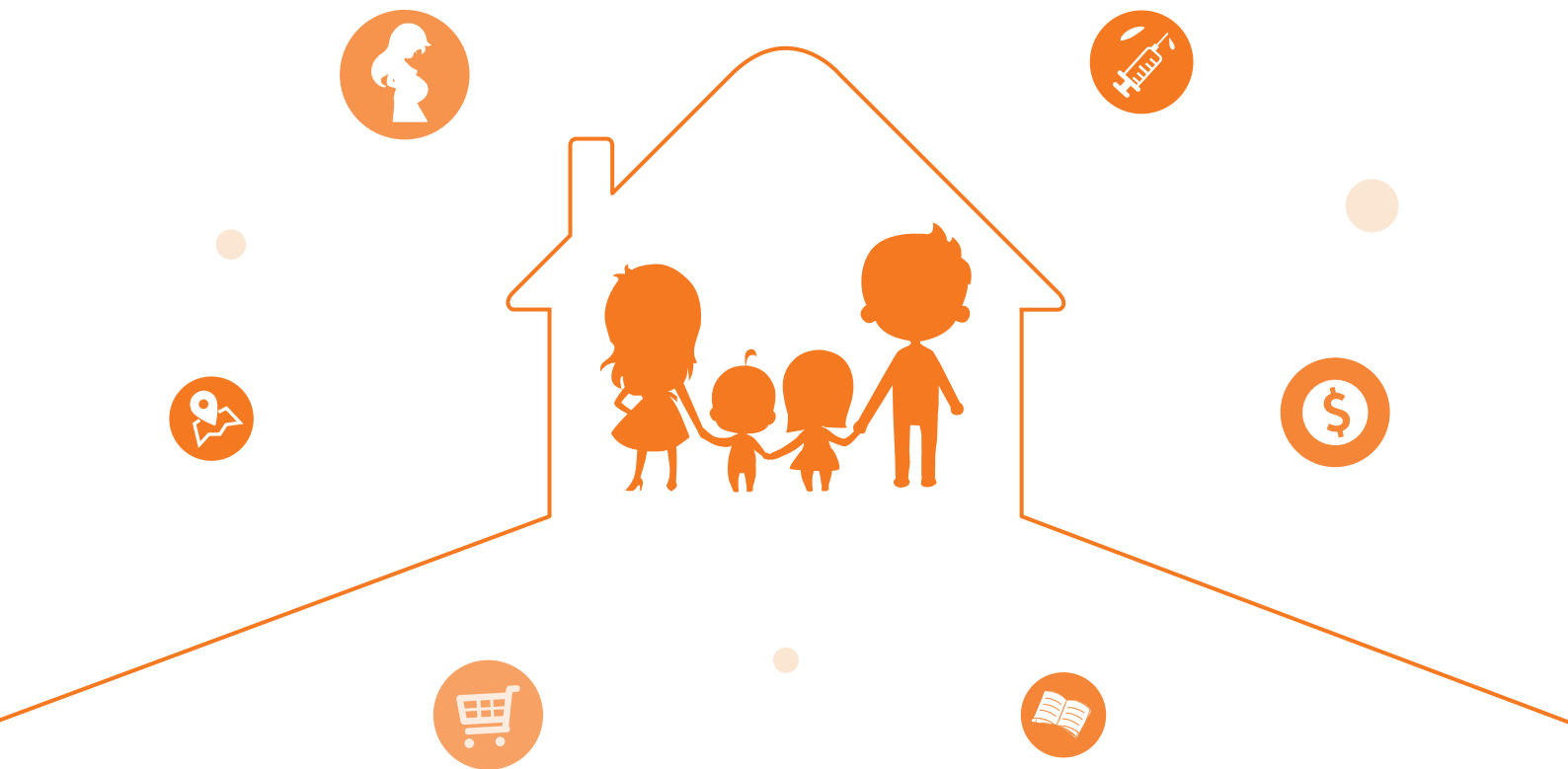


2017

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

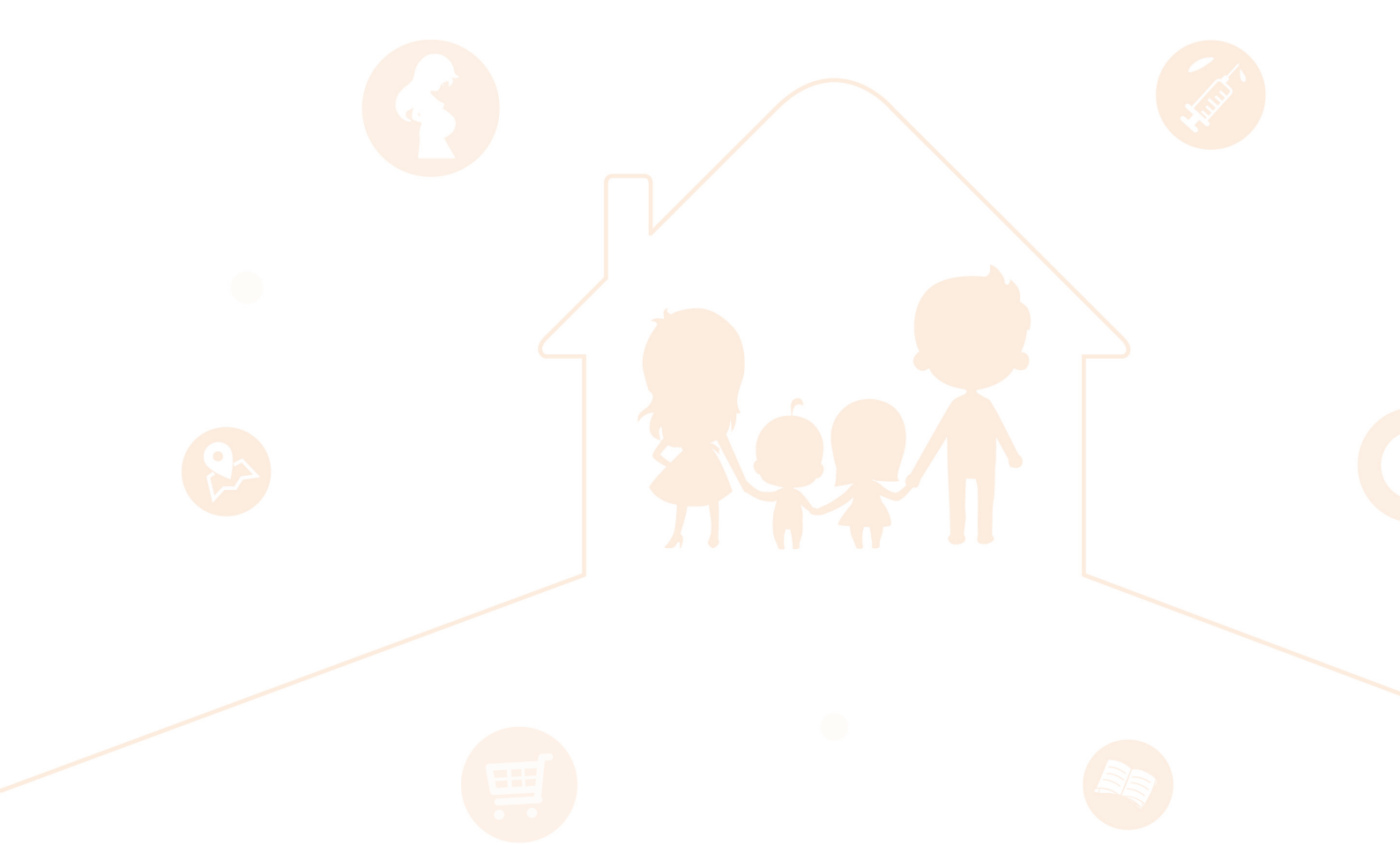
CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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. Highlights	2
2. Management Discussion and Analysis	3
3. Corporate Governance and Other Information	6
4. Condensed Consolidated Statements of Profit or Loss	14
5. Condensed Consolidated Statements of Changes in Equity	15
6. Notes to the Condensed Consolidated Financial Statements	16

HIGHLIGHTS

The following table sets forth the condensed consolidated statements of profit or loss and other comprehensive income of the Group for the three months ended 31 March 2017.

	For the three months ended 31 March	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Revenue	18,763	17,815
Gross profit	16,923	13,426
Profit for the Period	8,055	6,190
Attributable to:		
Owners of the parent	6,278	6,840
Non-controlling interests	1,777	(650)

The Group's revenue for the three months ended 31 March 2017 (the "Period") was approximately RMB18.8 million, representing an increase of approximately 5.6% over the revenue of approximately RMB17.8 million for the corresponding period in 2016.

The Group's profit attributable to owners of the parent for the Period was approximately RMB6.3 million, comparing with the profit attributable to the owners of the parent of approximately RMB6.8 million for the corresponding period in 2016.

The Group does not recommend the payment of an interim dividend for the three months ended 31 March 2017 (three months ended 31 March 2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading vertical online platform for the Children-Babies-Maternity (“CBM”) market in China, aiming at providing users with value-added services like new media, contents, community, smart hardware, e-commerce and cross-border services with such platforms as the CI Web (育兒網), mobile CI Web, mobile APPs and the IPTV APP, creating a one-stop mother-child experience platform. Our platforms cover contents for families ranging from those preparing for new born babies to those with 12 years-old kids. During the first quarter ended 31 March 2017, revenue of the Group reached RMB18.8 million, representing an increase of 5.6% as compared to corresponding period last year. The increase in revenue is mainly attributed to the increased average advertising spending by the brands. During the Period, mobile APPs recorded steady increase, total daily active users (“DAU”) and monthly active users (“MAU”) of mobile APPs under the Group reached 2.36 million and 10.71 million respectively, representing a year-on-year increase of 153.8% and 174.6%.

In April 2017, 21st Century Business Institute (21世紀經濟研究院) issued “Report on online consumer trends of mother-child products 2017 (2017中國母嬰線上消費趨勢報告)” and expected that, driven by the growth of new born population and expansion of consumption, the size of the mother-child market will keep increasing at an accelerating growth rate of not lower than 16% each year in next five years and the general market size will be over RMB 4 trillion in 2020. The crucial factors leading the consumption upgrade in mother-child market is the changes in younger parents’ consumption concepts and habits, being more focused on the professionalism and quality of mother-child products and services. The demands for customised and differential consumption from parents of the post-85s and post-90s keep increasing. Non-standard products have much more market potential in future. Meanwhile, the older a child is and the higher tier a city is, a higher proportion of service consumption will be. The consumption structure of the CBM market in China shifted from commodity consumption (e.g. food, clothing and daily use) to service consumption (e.g. early childhood education and entertainment products). All these factors lead to the diversified and rapid growth of mother-child industry.

The Group continued to promote smart family lifestyle and is committed to active exploration and expansion in platforms, services and industries. Introducing through families, it extended traditional simple mother-child services to broader areas including finance, health care, tourism, insurance, early childhood education and home entertainment. During the Period, the Group continued to expand the cooperation with organizations engaging in multi-aspects and provided users with a wide range of services.

The fast-growing big data technology accelerated the progress of mother-child platforms developing its O2O model, leading to a combination of both online and offline revenue. During the Period, the Group actively organised offline activities with regard to needs of families, mothers and children. The efforts enhanced engagement of the users and realised the transformation of online data and traffic to offline situations. As a media partner of “Mother-child Health Mile Walk” (母嬰健康萬里行) held by China Youth Concern Committee Children Development Center, the Group organised activities such as offline mother-child lectures (母嬰大講堂), successfully enriched the brand connotation, enhanced the overall influence of the enterprise and achieved the synergy of branding.

The platform of CI Web will keep providing quality-oriented contents and services to the users mainly taking the form of “PGC (Professionals-Generated Contents) + OGC (Occupation-Generated Contents) + UGC (Users-Generated Contents)”. It has joined hands with professional organizations, maternity and child celebrities, active users and brand accounts to form an extremely influential mother-child media alliance, which closely follow hot topics in the market and create original professional contents covering aspects including educational programmes, consumer guide, maternal & child nutrition etc. During the Period, the Group has been optimizing original contents in forms of animation and live shows and striving to establish our live broadcasting team. The team settled in large live broadcasting platforms and gained vast loyal audiences. Quality of our content realised our brand value and received general appreciation within and beyond the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group kept expanding and developing new products and services with a view to provide in-depth and convenient CBM services for families. The Group takes advantage of in-depth learning and professional human intervention approach to provide users with more accurate knowledge, experience and recommendation. The Group also offers a series of health management tools for weight, exercise, diet, symptom and fetal movement management to help users form a healthy lifestyle.

Looking Forward, the Group will continue to provide users with diversified services and be committed to upgrade in the mother- child industry based on smart family lifestyle.

The Company submitted a formal application to the Stock Exchange on 30 March 2017 for the transfer of listing of shares from GEM to the Main Board of the Stock Exchange pursuant to Chapter 9A of the Listing Rules. For details, please refer to the announcement of the Company dated 30 March 2017. The Company do not guarantee that approval and permission will be obtained from the Stock Exchange for the transfer of listing.

FINANCIAL REVIEW

Revenue

The Group's revenue for the three months ended 31 March 2017 was approximately RMB18.8 million, representing an increase of approximately 5.6% over approximately RMB17.8 million for the three months ended 31 March 2016, primarily due to the increased average advertising spending by the brands. The revenues contributed from e-commerce was insignificant during the Period ended 31 March 2017.

Cost of sales

The Group's cost of sales for the three months ended 31 March 2017 was approximately RMB1.8 million, representing a decrease of approximately 59.1% over approximately RMB4.4 million for the three months ended 31 March 2016, primarily due to no cost for sales of goods during the three months ended 31 March 2017 for the termination of this business in the second quarter of 2016.

Gross profit and gross profit margin

The Group's gross profit for the three months ended 31 March 2017 was approximately RMB16.9 million, representing an increase of approximately 26.1% over approximately RMB13.4 million for the three months ended 31 March 2016. During the Period, the Group's gross profit margin increased from approximately 75.3% to approximately 89.9% due to the termination of sales of goods business with lower gross profit since the second quarter of 2016.

Other income and gains

The Group's other income and gains for the three months ended 31 March 2017 was approximately RMB3.2 million, compared to approximately RMB0.4 million for the three months ended 31 March 2016, primarily due to the grants provided by the local government and the interest income generated from financial product.

Selling and distribution expenses

The Group's selling and distribution expenses for the three months ended 31 March 2017 was approximately RMB3.0 million, representing an increase of approximately 66.7% over approximately RMB1.8 million for the three months ended 31 March 2016, primarily attributable to (i) the increase of marketing and promotional expense; and (ii) the increase in the salary for market department and customer service department in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The Group's administrative expenses for the three months ended 31 March 2017 was approximately RMB3.5 million, representing an increase of approximately 75.0% over approximately RMB2.0 million for the three months ended 31 March 2016, primarily due to legal and professional expenses for the services of intermediaries incurred from preparation for the Company's transfer of listing from GEM to the main board of the Stock Exchange in 2017.

Research and development costs

The Group's research and development costs for the three months ended 31 March 2017 was approximately RMB4.3 million, representing an increase of approximately 19.4% over approximately RMB3.6 million for the three months ended 31 March 2016, primarily attributable to the increase in the salaries and welfare of staff in research and development department since January 2017.

Income tax expense

The Group's income tax expense for the three months ended 31 March 2017 was approximately RMB1.2 million, representing an increase of approximately 1,100.0% over approximately RMB0.1 million for the three months ended 31 March 2016, primarily attributable to the income tax at a rate of 12.5% for Xibai (Nanjing) Information Technology Company Limited ("Nanjing Xibai") as Software Enterprises, while it was exempted from income tax in 2016.

Profit for the Period

As a result of the factors described above, the Group's net profit for the three months ended 31 March 2017 was approximately RMB8.1 million, representing an increase of approximately 30.6% over approximately RMB6.2 million for the three months ended 31 March 2016.

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. As at 31 March 2017, the Company's issued share capital was HK\$10,256,620, divided into 1,025,662,000 ordinary shares of HK\$0.01 each.

Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2017 (three months ended 31 March 2016: Nil).

Loan to an entity

On 26 February 2016, Star Universal Holdings Limited, a wholly-owned subsidiary of the Group as lender (the "Lender") entered into a loan facility agreement ("Loan Agreement") with an independent third party, Lofty Force Limited as borrower (the "Borrower") with the facility of HK\$60,000,000, bearing interest at a rate of 6.0% per annum for a period of 36 months commencing from the date of Borrower's receipt of the funds under the loan facility. The loan has been repaid on 3 January 2017.

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 2017, 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) (4)}	Interest in a controlled corporation	409,200,000	
	Interest of concert party	120,000,000	
	Total:	529,200,000	51.60%
Mr. Wu Haiming ^{(1) (4)}	Interest of spouse	529,200,000	51.60%
Mr. Cheng Li ^{(2) (4)}	Interest in a controlled corporation	120,000,000	
	Interest of concert party	409,200,000	
	Total:	529,200,000	51.60%
Mr. Zhang Lake Mozi ⁽³⁾	Interest in a controlled corporation	57,000,000	5.56%

Notes:

- 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.
- 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.
- 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.
- 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP (LONG POSITION)

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

Notes:

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

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

Save as disclosed above, as at 31 March 2017, 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 2017, 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	18.84%
Prime Wish ⁽¹⁾	Beneficial owner	216,000,000	21.06%
Victory Glory ⁽²⁾	Beneficial owner	120,000,000	11.70%
Properous Commitment ⁽³⁾	Beneficial owner	51,600,000	5.03%
TMF Trust (HK) Limited ⁽³⁾	Trustee	51,600,000	5.03%
Winner Zone ⁽³⁾⁽⁴⁾	Trustee	104,400,000	10.18%
Ms. Guo Minfang ⁽⁴⁾	Interest of controlled corporation	104,400,000	10.18%
Sharp Knight ⁽⁵⁾	Trustee	57,000,000	5.56%
Ms. Wang Rong ⁽⁵⁾	Interest of spouse	57,000,000	5.56%
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)) ⁽⁴⁾	Beneficiary of a trust	104,400,000	10.18%
Shanghai AMVC Investment Management Centre (a Limited Partnership)* (上海早鳥投資管理中心(有限合夥)) ⁽⁴⁾	Interest of controlled corporation	104,400,000	10.18%
Beijing Zhongchengma ⁽⁵⁾	Beneficiary of a trust	57,000,000	5.56%

Notes:

- (1) Each of Loyal Alliance and Prime Wish is directly and wholly owned by Ms. Li Juan.
- (2) Victory Glory is directly and wholly owned by Mr. Cheng Li.
- (3) Properous Commitment is directly held by TMF Trust (HK) Limited, a professional trustee engaged by the Company for the operation of the Share Award Plan.
- (4) Winner Zone, solely owned by Ms. Guo Minfang, 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 Centre (a Limited Partnership) (上海早鳥投資管理中心(有限合夥)) which is in turn held as to 25% by Ms. Guo Minfang and 50% by Ms. Cao Qiongmeng.
- (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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (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.

Save as disclosed above, as at 31 March 2017, 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 passed by all the shareholders of the Company 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 2017 was any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or was any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

SHARE AWARD PLAN

As stated in the Prospectus, the Company intends to adopt a share award plan (the "Plan") within 12 months from the listing date. The Board has adopted the Plan on 6 July 2016. On 8 September 2016, Mr. Hsieh Kun Tse, the non-executive Director, had transferred the entire issued share capital of Properous Commitment Holdings Limited ("Properous Commitment") which in turn holds 51,600,000 of the Shares of the Company, to TMF Trust (HK) Limited at nil consideration. The trustee holds on trust the award Shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award Shares are vested in the relevant selected employees in accordance with this Plan. For details of the Plan, please refer to the announcements of the Company dated 7 July 2016 and 14 July 2016. To the best knowledge of the Directors, as at the date of this report, both Properous Commitment and TMF Trust (HK) Limited have complied with the terms of the trust deed.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

The Company has appointed Innovax Capital Limited (“Innovax Capital”) as the new compliance adviser to the Company as required pursuant to Rule 6A.27 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange with effect from 1 February 2017 until the date, pursuant to Rule 6A.19 of the GEM Listing Rules, on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the Company’s financial results for the second full financial year commencing after the date of initial listing of the Company (being the year ending 31 December 2017), or until the compliance adviser agreement entered into between the Company and Innovax Capital is terminated in accordance with its terms, whichever is earlier. Innovax Capital is a licensed corporation to carry out types 1 (dealing in securities) and types 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s annual reports and accounts, half-yearly reports and quarterly reports, the financial reporting, risk management and internal control systems of the Group and to provide advice to the Board. The Audit Committee consists of two independent non-executive Directors, namely Mr. Wu Chak Man (chairman of the Audit Committee) and Mr. Ge Ning, and one non-executive Director, namely Ms. Li Juan. The Audit Committee has reviewed this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, the Company had complied with all the code provisions as set out in the CG Code during the Period.

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

Nanjing, the People’s Republic of China, 12 May 2017

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 2016. 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 31 March	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
REVENUE		18,763	17,815
Cost of sales		(1,840)	(4,389)
Gross profit		16,923	13,426
Other income and gains		3,155	354
Administrative expenses		(3,512)	(1,982)
Selling and distribution expenses		(3,031)	(1,819)
Research and development costs		(4,256)	(3,550)
Finance costs		(22)	(119)
Profit before tax		9,257	6,310
Income tax expense		(1,202)	(120)
Profit for the Period		8,055	6,190
Attributable to:			
Owners of the parent		6,278	6,840
Non-controlling interests		1,777	(650)
		8,055	6,190
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the Period (expressed in RMB per share)		0.0061	0.0075
PROFIT FOR THE PERIOD		8,055	6,190
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(1,381)	(808)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,674	5,382
Attributable to:			
Owners of the parent		4,897	6,032
Non-controlling interests		1,777	(650)
		6,674	5,382

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share Capital	Treasury shares	Share premium*	Reserves funds*	Other reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non- controlling interests	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
At 1 January 2017	8,094	(4)	224,688	12,184	16,842	25,664	70,231	357,699	(4,857)	352,842
Profit for the Period	-	-	-	-	-	-	6,278	6,278	1,777	8,055
Other comprehensive income for the Period										
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,381)	-	(1,381)	-	(1,381)
Total comprehensive income for the Period	-	-	-	-	-	(1,381)	6,278	4,897	1,777	6,674
Cancellation of treasury shares	(4)	4	-	-	-	-	-	-	-	-
At 31 March 2017 (unaudited)	8,090	-	224,688	12,184	16,842	24,283	76,509	362,596	(3,080)	359,516
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

* 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” or “CI web”) 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 CI Web, mobile CI Web, Mobile Application Software (“APPs”) and IPTV APPs; and (ii) e-commerce business in the People’s Republic of China (the “PRC”). There has been no significant change in the Group’s principal activities during the Period.

In the opinion of the directors of the Company, as of the date of approval 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 2016. The unaudited condensed consolidated financial information have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

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

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

	For the three months ended	
	31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue		
Marketing and promotional services	18,584	15,359
E-commerce	179	97
Sale of goods	–	2,359
	18,763	17,815
Other income and gains		
Government grants	1,716	170
Other income	1,200	107
Bank interest income	123	28
Exchange gains/(loss)	116	(403)
Interest income from loan to other entity	–	232
Finance lease interest income	–	220
	3,155	354

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 Nanjing Xibai and Nanjing Xile, which were certified as Software Enterprises and were exempted from income tax for two years starting from the first year in which they generate taxable profit, followed by a 50% reduction for the next three years. 2015 is the first profitable year for Nanjing Xibai whilst 2017 is the first profitable year for Nanjing Xile.

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

	For the three months ended 31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Current — PRC Charge for the Period	1,202	120
Total tax charge for the Period	1,202	120

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 2017 and 2016.

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 2017 and 2016, 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	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit attributable to ordinary equity holders of the parent (RMB'000)	6,278	6,840
Weighted average number of ordinary shares in issue	1,025,662,000	907,038,356
Basic and diluted earnings per share (expressed in RMB per share)	0.0061	0.0075