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: 1736)

CONTINUING CONNECTED TRANSACTIONS TERMINATION OF THE EXISTING CONTRACTUAL ARRANGEMENT AND ENTERING INTO THE NEW CONTRACTUAL ARRANGEMENT

The Board hereby announces that (i) the WFOE, the New OPCO and the New Registered Shareholders agreed to enter into the New Structured Contracts; and (ii) the Existing OPCO agreed to enter into the Business and Asset Transfer Agreement with the New OPCO, pursuant to which subject matter of the Proposed Transfer including assets, contracts and employees of the Existing OPCO shall be transferred to the New OPCO. Subsequently, the WFOE, the Existing OPCO and the Existing Registered Shareholders will enter into a termination agreement to terminate the Existing Contractual Arrangement.

Upon the entering into of the termination agreement, the Existing Contractual Arrangement would be terminated and the Existing OPCO will cease to be accounted as a subsidiary of the Company. Business of the Existing OPCO will be transferred to the New OPCO. Therefore, the New OPCO will apply for the ICP License and TV License which are required to engage in the Principal Business in replacement of the Existing OPCO.

The New Structured Contracts, having their terms and conditions substantially the same as those of the Existing Structured Contracts, are cloned from the Existing Structured Contracts, save for the change of entities entering into the New Contractual Arrangement, namely (i) the New OPCO in replacement of the Existing OPCO; and (ii) the New Registered Shareholders in replacement of the Existing Registered Shareholders.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the New OPCO is held as to 10% by the LLP1 and 90% by the LLP2. The GP Company is the sole general partner of both the LLP1 and the LLP2. The GP Company is held as to 90% by Mr. Cheng Li, an executive Director. Accordingly, each of the GP Company and the New OPCO is an associate of Mr. Cheng Li and is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the New Contractual Arrangement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of the Listing, the Company sought, and the Stock Exchange granted, the Waiver in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangement, subject to certain conditions as set out therein. As disclosed in the Prospectus, the Existing Contractual Arrangement may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company that the Group may wish to establish, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Existing Contractual Arrangement.

Since the New Contractual Arrangement are cloned from the Existing Contractual Arrangement as provided under the conditions of the Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the Proposed Transfer and the New Structured Contracts do not constitute a material change to the Existing Structured Contracts, and the transactions contemplated under the New Contractual Arrangement would continue to fall within the scope of the Waiver and are exempt from (i) the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the New Contractual Arrangement; (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangement under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the New Contractual Arrangement to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the Waiver.

INTRODUCTION

Reference is made to the announcement of the Company dated 28 September 2018 in relation to, among other things, the Existing Contractual Arrangement.

The Board hereby announces that (i) the WFOE, the New OPCO and the New Registered Shareholders agreed to enter into the New Structured Contracts; and (ii) the Existing OPCO agreed to enter into the Business and Asset Transfer Agreement with the New OPCO, pursuant to which subject matter of the Proposed Transfer including assets, contracts and employees of the Existing OPCO shall be transferred to the New OPCO. Subsequently, the WFOE, the Existing OPCO and the Existing Registered Shareholders will enter into a termination agreement to terminate the Existing Contractual Arrangement.

Upon the entering into of the termination agreement, the Existing Contractual Arrangement would be terminated and the Existing OPCO will cease to be accounted as a subsidiary of the Company. Business of the Existing OPCO would be transferred to the New OPCO. Therefore, the New OPCO will apply for the ICP License (as defined below) and TV License (as defined below) which are required to engage in the Principal Business (as defined below) in replacement of the Existing OPCO.

The New Structured Contracts, having their terms and conditions substantially the same as those of the Existing Structured Contracts, are cloned from the Existing Structured Contracts, save for the change of entities entering into the New Contractual Arrangement, namely (i) the New OPCO in replacement of the Existing OPCO; and (ii) the New Registered Shareholders in replacement of the Existing Registered Shareholders.

THE NEW CONTRACTUAL ARRANGEMENT

Background of the Existing Contractual Arrangement

The Group is primarily engaged in operation of online platform focusing on the CBM (children, babies ad maternity) market (the "**Principal Business**"), which is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. The Existing OPCO is principally engaged in the provision of marketing and promotional services and the e-commerce business. The Existing OPCO holds a value-added telecommunications business operation license (增值電信業務經營許可證) (the "**ICP License**") and License for Production and Distribution of Radio or Television Programs (廣播電視節目製作經營許可證) (the "**TV License**") which are required to carry out the Principal Business. The Existing OPCO produces and distributes videos on its online platform to enrich the website content and attract potential customers. Foreign investors are prohibited from holding equity interest in an entity conducting radio and television programme production in the PRC.

As a result, the WFOE and the Existing OPCO entered into the Existing Contractual Arrangement, which comprise of the Existing Structured Contracts namely the (i) business cooperation agreement, (ii) exclusive technology service and management consultation agreement; (iii) shareholders' rights entrustment agreement; (iv) equity interest pledge agreement and (v) exclusive option agreement, to conduct the Principal Business in the PRC. For details of the Existing Contractual Arrangement, please refer to the announcement of the Company dated 28 September 2018.

Under the Existing Contractual Arrangement, the Existing Registered Shareholders are Mr. Cheng Li and Ms. Li Juan, who hold 15% and 85% of the equity interest in the registered capital of the Existing OPCO respectively. Mr. Cheng Li is an executive Director. Ms. Li Juan is a former non-executive Director, who resigned on 28 March 2024 due to her other business commitment.

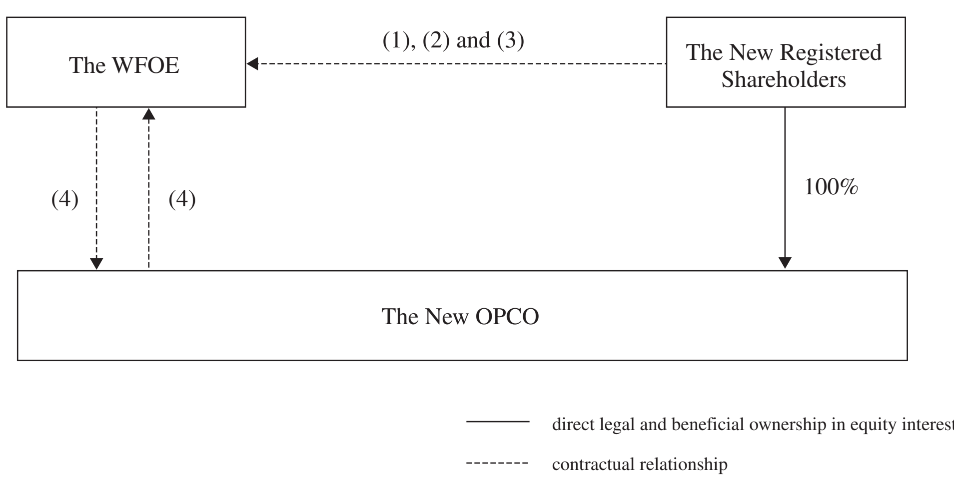
Reasons and Benefits of the New Contractual Arrangement

In order to (i) align the interests of the shareholders of the operating entity under the Existing Contractual Arrangement with those of the Company to ensure internal monitoring and management of the operating entity; and (ii) improve the administrative efficiency of the operating entity, eliminating the need for the operating entity to contact Ms. Li Juan to handle administrative affairs or procedures of the operating entity, the Company agreed to establish the New OPCO, arrange the New Registered Shareholders to hold the equity interest in the New OPCO and enter into the New Contractual Arrangement. Given that the transfer of equity interest in the operating entity requires the cooperation of multiple parties and the time required is not solely within the control of the Company, the Board is of the view that establishing the New OPCO can save the relevant time and cost.

The New Registered Shareholders of the New OPCO are two limited partnerships established in the PRC. The Board is of the view that by having limited partnerships as the New Registered Shareholders can (i) reduce the succession risks associated with natural person as registered shareholders; and (ii) create a more stable and self-sustaining structure, such that by distancing the natural person interest holders with the contractual arrangement with layers of legal entitles including a partnership structure, it will provide further protection for the New OPCO against any personal litigation and bankruptcy risks of the natural interest holders.

Structure of the New Contractual Arrangement

The following simplified diagram illustrates the flow of the economic benefit from the New OPCO to the Group under the New Contractual Arrangement:



Notes:

(1) The WFOE is entrusted with the shareholders' rights of the New Registered Shareholders in the New OPCO. Please refer to the subsection headed "Power of Attorney" in this announcement for details.

(2) The WFOE is granted the exclusive right to acquire all or part of the equity interest and/or assets in the New OPCO from the New Registered Shareholders and/or the WFOE. Please refer to the subsection headed "Exclusive Option Agreement" in this announcement for details.

(3) The WFOE is granted priority security interests over the entire equity interest in the New OPCO as held by the New Registered Shareholders. Please refer to the subsection headed "Equity Interest Pledge Agreement" in this announcement for details.

(4) The WFOE provides services on an exclusive basis to the New OPCO in return for service fees. Please refer to the subsection headed "Exclusive Business Cooperation Agreement" in this announcement for details.

Details of the New Structured Contracts

Set out below are the principal terms of each of the New Structured Contracts:

1. Exclusive Business Cooperation Agreement

The WFOE and the New OPCO will enter into an exclusive business cooperation agreement (the "**Exclusive Business Cooperation Agreement**") with the following terms:

Parties:	(1) the WFOE; and (2) the New OPCO
Term:	The Exclusive Business Cooperation Agreement shall remain effective unless (1) terminated by the WFOE in accordance with the provisions of the Exclusive Business Cooperation Agreement; (2) the New OPCO is bankrupt, liquidated or dissolved; (3) all the equity interest of the New OPCO has been legally transferred to the WFOE or the nominee(s) designated by the WFOE; or (4) the WFOE is permitted under the PRC laws to directly hold the equity interest of the New OPCO and to engage in the business of the New OPCO and its subsidiaries (if any).
Subject matter:	The New OPCO agrees to engage the WFOE as its exclusive provider of various services including but not limited to management consultancy, technology and software research and development, technical consultation, promotion planning and market promotion. The Exclusive Business Cooperation Agreement provides that without the prior written approval from the WFOE, the New OPCO shall not and shall procure its subsidiaries (if any) not to, accept the same or similar services provided by any third party, except for any parties designated by the WFOE. The Exclusive Business Cooperation Agreement further provides that the WFOE shall have the exclusive ownership of all intellectual property rights developed or created during the performance of the Exclusive Business Cooperation Agreement.

Service fee:	The New OPCO shall pay the WFOE a service fee within 30 days from the beginning of each quarter for the services provided in the preceding quarter. The service fee shall be equivalent to the net profit attributable to the New OPCO in that preceding quarter.

2. Exclusive Option Agreement

The WFOE, the New Registered Shareholders and the New OPCO will enter into an exclusive option agreement (the "**Exclusive Option Agreement**") with the following terms:

Parties:	(1) the WFOE; (2) the New Registered Shareholders; and (3) the New OPCO
Term:	The Exclusive Option Agreement shall remain effective from the execution date unless (1) all the equity interest in the New OPCO have been legally transferred to the WFOE or its designees in accordance with the terms of the Exclusive Option Agreement; or (2) terminated by the WFOE in accordance with the terms of the Exclusive Option Agreement.
Subject:	Each of the New Registered Shareholders irrevocably and unconditionally grants to the WFOE or such entities or individuals designated by the WFOE, the exclusive right to purchase (at any time, in one or more times) all or part of the equity interest in the New OPCO, to the extent permitted under the applicable PRC laws. The New OPCO irrevocably and unconditionally grants to the WFOE or such entities or individuals designated by the WFOE, the exclusive right to purchase (at any time, in one or more times) all or part of the assets in the New OPCO, to the extent permitted under the applicable PRC laws.
Consideration:	The price for purchasing all or part of the equity interest and/or assets in the New OPCO shall be the minimum purchase price permitted under the PRC laws. The New Registered Shareholders and the New OPCO irrevocably undertake that, subject to the relevant PRC laws and regulations, they shall return to the WFOE and/or such entities or individuals designated by the WFOE, any consideration they will receive in the event of any sale of equity interest or assets of the New OPCO under the Exclusive Option Agreement.

Undertaking: Pursuant to the Exclusive Option Agreement, the New OPCO and/or the New Registered Shareholder undertake(s) to perform certain acts and refrain from performing certain acts, including but not limited to the following:

(1) without the prior written consent of the WFOE, the New Registered Shareholders and the New OPCO shall not sell, transfer, mortgage or dispose of in any manner any assets, legal or beneficial interest in the business or revenue of the OPCO or its subsidiaries (if any) (except in the ordinary course of business), or allow the creation of any security interest thereon; and

(2) without the prior written consent of the WFOE, the New Registered Shareholders shall not sell, transfer, mortgage or dispose of in any manner their legal or beneficial interest in the equity interest of the New OPCO, or allow the creation of any security interest thereon.

3. Equity Interest Pledge Agreement

The WFOE, the New Registered Shareholders and the New OPCO will enter into an equity interest pledge agreement (the "**Equity Interest Pledge Agreement**") with the following terms:

Parties: (1) the WFOE, as pledgee;

(2) the New Registered Shareholders, as pledgers; and

(3) the New OPCO

Term: The Equity Interest Pledge Agreement shall take effect upon registration with the relevant regulatory authority and shall remain valid until the New Structure Contracts expire or are terminated, and all amounts owed by the pledgers to the pledgee under the New Structured Contracts are settled; or until the pledgee has realized its right of pledge in accordance with the provisions of the Equity Interest Pledge Agreement.

Subject: Each of the New Registered Shareholders agrees to (i) pledge all of their respective equity interest in the New OPCO to the WFOE as a security interest; and (ii) grant a first priority of security interest in their equity interest of the New OPCO, to guarantee the performance of the contractual obligations of each of the New Registered Shareholders and the New OPCO under the New Structured Contracts.

4. Power of Attorney

Each of the New Registered Shareholders will enter into a power of attorney (the "**Power of Attorney**") with the following terms:

Parties:	the New Registered Shareholders
Term:	The Power of Attorney shall remain effective and terminate upon (1) the WFOE gives a prior notice in writing; (2) the WFOE is permitted under the PRC laws to directly hold the equity interest of the New OPCO and engage in the business of the New OPCO and its subsidiaries; or (3) the WFOE or its assignee exercise its rights under the Exclusive Option Agreement to purchase all of the equity interest and assets in the New OPCO and engage in the business of the New OPCO and its subsidiaries (if any).
Subject:	Each of the New Registered Shareholders irrevocably and unconditionally appoints the WFOE or its designated persons to act as its exclusive attorney on its behalf to exercise all rights in connection with matters concerning its rights as a shareholder of the New OPCO, including but not limited to:

(1) attending shareholders' meeting of the New OPCO and signing the minutes and resolutions of the meetings on behalf of the relevant New Registered Shareholder;

(2) exercising the right to vote as shareholders of the New OPCO or disposing and dealing with equity interest of the New OPCO held by the relevant New Registered Shareholder;

(3) appointing or electing the legal representatives, directors, supervisors, general managers or other senior management of the New OPCO on behalf of the relevant New Registered Shareholder;

(4) signing and keeping the legal documents of the New OPCO on behalf of the relevant New Registered Shareholder and filing documents with the relevant governmental authority; and

(5) exercising all other shareholder's rights as specified in the relevant PRC laws and regulations and the constitutional documents of the New OPCO on behalf of the relevant New Registered Shareholder.

Other Key Terms Thereunder

Dispute Resolution

Each of the New Structured Contracts provides for dispute resolution by way of arbitration in Shanghai by the arbitral body of Shanghai International Economic and Trade Arbitration Commission (上海國際經濟貿易仲裁委員會) (the "**SIETAC**") in accordance with its then prevailing arbitration rules. The arbitration ruling shall be final and binding on all parties. Any party shall have the right to apply to courts with competent jurisdiction for enforcement of arbitration awards after the relevant arbitration award comes into effect. During the dispute settlement period, except for the matters in dispute, the parties shall continue to exercise their respective rights and perform their respective obligations under the New Structured Contracts.

The tribunal may award remedies over the equity interest or assets of the New OPCO, or injunctive relief such as for the conduct of business or to compel the transfer of assets; or order the winding-up of the New OPCO. The courts of Hong Kong, the Cayman Islands and the PRC also have jurisdiction to grant interim remedies and/or enforce an arbitral award or interim remedies against the equity interest or properties of the New OPCO.

Arrangements to address Potential Conflicts of Interest

Each of the New Registered Shareholders has given their irrevocable undertakings and certain restrictive covenants under the New Structured Contracts which address potential conflicts of interest that may arise in connection with the New Contractual Arrangement.

Liquidation

In the event of a mandatory liquidation required by the PRC laws, the New Registered Shareholders shall give the proceeds they received from liquidation as a gift to the WFOE or its designee(s) to the extent permitted by the PRC laws.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the New Contractual Arrangement.

COMPLIANCE OF THE NEW CONTRACTUAL ARRANGEMENT WITH PRC LAWS AND REGULATIONS

The New OPCO plans to carry out the provision of marketing and promotional services and the e-commerce business, and apply for the ICP License and TV License, which are consistent with those of the Existing OPCO. The PRC Legal Advisor is of the view that foreign investors are prohibited from holding any equity interest in an entity with TV License in the PRC.

The PRC Legal Advisor has confirmed that (i) the New Contractual Arrangement is legal, valid and binding on the parties thereto and none of the them would be deemed as void under Civil Code of the PRC or be deemed as "concealing illegal intentions with a lawful form" and void under the PRC contract law; and (ii) the New Contractual Arrangement is not in violation of applicable PRC laws and regulations, except for the specific matters set out in the sub-paragraph headed "Dispute Resolution" of this announcement relating to the remedies, reliefs and orders that may be granted by an arbitral body and the enforceability of interim remedies or orders granted by overseas courts in the PRC.

However, the Company has been advised by the PRC Legal Advisor that considering the uncertainty in the interpretation and application of PRC laws pertaining to the validity of the New Contractual Arrangement, the PRC legislative, administrative and judicial authorities may make determinations contrary to the opinions expressed by the PRC Legal Advisor, based on their interpretation of current PRC laws or other laws and regulations promulgated in the future, particularly with respect to the industrial policies of foreign investment. In the event that such contrary determinations are made, the New Contractual Arrangement should be adjusted accordingly.

INTERNAL CONTROL MEASURES

The Group has adopted and will continue to implement the following internal control measures to ensure the effective implementation and operation of the New Contractual Arrangement and to exercise effective control over and safeguard the assets under the New Contractual Arrangement:

(i) major issues arising from the implementation and compliance with the New Contractual Arrangement or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(ii) the Board will review the overall performance of and compliance with the New Contractual Arrangement at least once a year;

(iii) the Company will disclose the overall performance and compliance with the New Contractual Arrangement in the annual reports; and

(iv) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the New Contractual Arrangement and review the legal compliance of the WFOE and the New OPCO to deal with specific issues or matters arising from the New Contractual Arrangement.

FINANCIAL IMPLICATIONS OF THE NEW CONTRACTUAL ARRANGEMENT

The Company has discussed with its auditor and confirmed, upon signing of the New Contractual Arrangement, the financial results of the New OPCO and its subsidiaries (if any) will be consolidated into the financial statements of the Company as if they were wholly-owned subsidiaries of the Company under the prevailing accounting principles.

RISKS AND LIMITATIONS RELATING TO THE NEW CONTRACTUAL ARRANGEMENT

1. **There is no assurance that the New Contractual Arrangement could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the New Contractual Arrangement does not comply with applicable regulations.**

   Despite there is currently no indication that the New Contractual Arrangement will be interfered or objected to by any PRC regulatory authorities, there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the New Contractual Arrangement comply with the current PRC laws or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the New Contractual Arrangement.

2. **The Company relies on the New OPCO to provide certain services that are critical to its business and the breach or termination of any of its service agreements with the New OPCO or any failure of or significant quality deterioration in these services could materially adversely affect its business, financial condition and results of operations.**

   The Company relies on the New OPCO to provide certain services to its customers that are critical to its business. Since the Company only controls the New OPCO through the New Contractual Arrangement, it faces certain risks with respect to its performance of arrangement by the New OPCO. If the New OPCO breaches any of its obligations under the New Contractual Arrangement, the Company may not be able to find a suitable alternative service provider or be able to establish and operate its platform in a legal or timely manner. The breach by the New OPCO under the New Contractual Arrangement could materially adversely affect the Group's business, financial condition and results of operations.

3. **The Company depends upon the New Contractual Arrangement with the New OPCO in conducting its operations and receiving payments through the New OPCO, which may not be as effective in providing operational control as direct ownership.**

   The Company has no equity ownership in the equity interest of the New OPCO, and conduct substantially its operations, and generate substantially its revenue, through the New Contractual Arrangement, which may not be as effective in providing the Company with control over the New OPCO as if it is a direct wholly-owned subsidiary of the Company.

   The New Contractual Arrangement is governed by PRC laws and provides for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. If the New OPCO or any of the New Registered Shareholders fails to perform its obligations under the New Contractual Arrangement, the Company may have to rely on legal remedies under the PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which the Company cannot be sure would be effective. The legal environment in the PRC is not, however, as developed as in other jurisdictions. As a result, uncertainties in the PRC legal system could limit the Company's ability to enforce the New Contractual Arrangement.

In addition, any suits, arbitration or any other form of legal or dispute resolution proceedings against any of the New Registered Shareholders may require all assets held by such shareholder to be kept under court custody during the proceedings. If such were the case, there is no assurance that the equity interests held by such shareholders in the New OPCO can be transferred to the Group in accordance with the New Contractual Arrangement.

4. Certain terms of the New Structured Contracts may not be enforceable under the PRC laws.

The New Contractual Arrangement provides for dispute resolution by way of arbitration in accordance with the arbitration rules of the SIETAC in Shanghai, the PRC. The New Structured Contracts contain provisions to the effect that the arbitral body may award remedies over the equity interest and/or assets of the New OPCO, injunctive relief and/or winding up of the New OPCO. In addition, the New Structured Contracts contain provisions to the effect that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in other appropriate cases.

However, the PRC Legal Advisor is of the view that pursuant to the PRC laws, the SIETAC may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of the New OPCO. In addition, even though the New Contractual Agreement provides that overseas courts in Hong Kong and the Cayman Islands shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that the New OPCO or any of the New Registered Shareholders breaches the terms of the New Contractual Arrangement, the WFOE may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the New OPCO could be materially and adversely affected.

5. The New Contractual Arrangement may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed.

Under the PRC laws and regulations, arrangements and transactions among related parties may be subject to audit and/or challenge by the PRC tax authorities. The Group may face material adverse tax consequences if the PRC tax authorities determine that the New Contractual Arrangement does not represent arm's length negotiations between the parties and they may adjust income and expenses of the WFOE and/or the New OPCO and its subsidiaries (if any) for PRC tax purposes, which could result in higher tax liabilities on the WFOE and/or the New OPCO and its subsidiaries (if any). The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of the WFOE and/or New OPCO and its subsidiaries (if any) increase significantly or if they are required to pay interest and other penalties on late payments.

6. **The Company does not have any insurance coverage for the risks relating to the New Contractual Arrangement.**

   The Company's operation is dependent on the validity, legality and enforceability of the New Structured Contracts. The Company has not yet taken out any insurance to cover risks relating to the New Structured Contracts. If the New Structured Contracts and/or the New Contractual Arrangement with the New OPCO and the New Registered Shareholders are adjudicated to be in violation of any existing or future PRC laws or regulations, or in the event that the relevant PRC regulatory authorities require the Company to unwind the New Contractual Arrangement under the New Structured Contracts, its business will be adversely affected.

7. **A substantial amount of costs and time may be involved in transferring the ownership of the New OPCO to the WFOE under the Exclusive Option Agreement.**

   The Exclusive Option Agreement provides the WFOE or its designee an exclusive right to purchase part or all of the equity interest and/or assets of the New OPCO at a minimum purchase price permitted under the PRC laws. Nevertheless, such rights can only be exercised by the WFOE as and when permitted by the relevant PRC laws and regulations, in particular, when there are no limitations on (i) foreign ownership in PRC companies that provide value-added telecommunications, Internet content and information services and (ii) the eligibility of foreign invested enterprises to apply for the required licence for operating an Internet content platform in the PRC. In addition, a substantial amount of costs and time may be involved in transferring the ownership of the New OPCO to the WFOE or its designee if the WFOE chooses to exercise the exclusive right to acquire all or part of the equity interest and assets in the New OPCO under the Exclusive Option Agreement, which may have a material adverse impact on the Group's business, prospects and results of operation.

BOARD'S VIEW ON THE NEW CONTRACTUAL ARRANGEMENT

Based on the above, the Board (including the independent non-executive Directors) is of the view that:

(i) the New Contractual Arrangement is narrowly tailored because the New Contractual Arrangement is only used to enable the Group to conduct businesses in industries that are subject to foreign investment restrictions and prohibitions in the PRC and has minimized the potential conflict with relevant PRC laws and regulations;

(ii) the New Contractual Arrangement enables the WFOE to gain effective control over the New OPCO and to be entitled to the economic interests and benefits of the New OPCO;

(iii) as advised by the PRC Legal Advisor, each of the New Structured Contracts is legally binding on all parties under the PRC laws once the New Structured Contracts are duly executed by the relevant parties, except for some special circumstances. Please refer to the sections headed "Compliance of the New Contractual Arrangements with PRC Laws and Regulations" in this announcement for further details;

(iv) the New Contractual Arrangement and the transactions contemplated thereunder are fair and reasonable because the New Contractual Arrangement was cloned from the Existing Contractual Arrangement;

(v) the Proposed Transfer has no material impact on the Company's financial position or financial results and would not have a significant impact on the Company's business operation; and

(vi) the setting up of the New OPCO and the entering into of the New Contractual Arrangement is fundamental to the long-term business operation of the Group, and the transactions contemplated thereunder have been and will be entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

As Mr. Cheng Li and Ms. Song Yuanyuan, both being the Directors, have material interest in the transactions contemplated under the New Contractual Arrangement, they shall abstain and did abstain from voting on the relevant Board resolutions approving the entering into of the New Contractual Arrangement. Save as disclosed above, none of the Directors shall abstain from voting on the relevant Board resolutions approving the entering into of the New Contractual Arrangement.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, as at the date of the announcement, the New OPCO has not encountered any interference or encumbrance from any governing bodies in operating its business.

INFORMATION ABOUT THE GROUP AND THE PARTIES TO THE NEW CONTRACTUAL ARRANGEMENT

The Group is 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 and IPTV APPs and (ii) sale of goods in China.

The WFOE is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company.

The New OPCO is a limited liability company established in the PRC. The New OPCO is held as to 10% by the LLP1 (南京希藍信息技術合夥企業(有限合夥)) and 90% by the LLP2 (南京希蘭信息技術合夥企業(有限合夥)).

The LLP1 is a limited partnership established in the PRC. The LLP1 is held as to 95% by Ms. Song Yuanyuan, the non-executive Director, as the limited partner, and 5% by the GP Company as the general partner.

The LLP2 is a limited partnership established in the PRC. The LLP2 is held as to 95% by Mr. Cheng Li, the executive Director, as the limited partner, and 5% by the GP Company as the general partner.

The GP Company is a limited liability company established in the PRC. The GP Company is held as to 90% and 10% by Mr. Cheng Li and Ms. Song Yuanyuan, respectively, who are both the Directors.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the New OPCO is held as to 10% by the LLP1 and 90% by the LLP2. The GP Company is the sole general partner of both the LLP1 and the LLP2. The GP Company is held as to 90% by Mr. Cheng Li, an executive Director. Accordingly, each of the GP Company and the New OPCO is an associate of Mr. Cheng Li and is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the New Contractual Arrangement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of the Listing, the Company sought, and the Stock Exchange granted, the Waiver in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangement, subject to certain conditions as set out therein. As disclosed in the Prospectus, the Existing Contractual Arrangement may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company that the Group may wish to establish, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Existing Contractual Arrangement.

Since the New Contractual Arrangement are cloned from the Existing Contractual Arrangement as provided under the conditions of the Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the Proposed Transfer and the New Structured Contracts do not constitute a material change to the Existing Structured Contracts, and the New Contractual Arrangement would continue to fall within the scope of the Waiver and are exempt from (i) independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the New Contractual Arrangement; (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangement under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the New Contractual Arrangement to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the Waiver.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business and Asset Transfer Agreement"	the business and asset transfer agreement to be entered into between the New OPCO and the Existing OPCO
"Company"	China Parenting Network Holdings Limited, an exempted company incorporated in the Cayman Islands on 13 October 2014 as with limited liability and whose shares are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Existing Contractual Arrangement"	the series of contractual arrangement entered into by, among others, the WFOE, the Existing OPCO and the Existing Registered Shareholders, as described in the announcement of the Company dated 28 September 2018
"Existing OPCO"	Nanjing Xihui Information Technology Co., Ltd.* (南京矽匯信息技術有限公司), a limited liability company established in the PRC
"Existing Registered Shareholders"	the shareholders of the Existing OPCO, namely Mr. Cheng Li and Ms. Li Juan
"Existing Structured Contracts"	the business cooperation agreement, the exclusive technology service and management consultation agreement, the shareholders' rights entrustment agreement, the equity interest pledge agreement and the exclusive option agreement to be entered into by and/or among the WFOE, the Existing OPCO and the Existing Registered Shareholders (as the case may be)
"GP Company"	南京希瀾信息技術有限公司, a limited liability company established in the PRC and the general partner of the LLP1 and the LLP2
"Group"	the Company and its subsidiaries
"Listing"	the listing of the Shares on the GEM of the Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LLP1"	南京希藍信息技術合夥企業(有限合夥), a limited partnership established in the PRC and one of the New Registered Shareholders
"LLP2"	南京希蘭信息技術合夥企業(有限合夥), a limited partnership established in the PRC and one of the New Registered Shareholders
"New Contractual Arrangement"	the series of contractual arrangement to be entered into between, among others, the WFOE, the New OPCO and the New Registered Shareholders, details of which are described in the section headed "THE NEW CONTRACTUAL ARRANGEMENT" in this announcement
"New OPCO"	Nanjing Yilaoyixiao Information Technology Co., Ltd.* (南京怡老怡小信息技術有限公司), a limited liability company established in the PRC
"New Registered Shareholders"	the shareholders of the New OPCO, namely LLP1 and LLP2
"New Structured Contracts"	the Exclusive Business Agreement, the Exclusive Option Agreement, the Equity Interest Pledge Agreement and the Power of Attorneys to be entered into by and/or among the WFOE, the New OPCO and the New Registered Shareholders (as the case may be)
"PRC"	the People's Republic of China
"PRC Legal Advisor"	King & Wood Mallesons Beijing, the legal advisor to the Company as to the PRC laws
"Proposed Transfer"	the proposed transfer under the Business and Asset Transfer Agreement
"Prospectus"	the prospectus of the Company dated 30 June 2015
"Share(s)"	ordinary share(s) of nominal value of HKD0.05 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Waiver"	the waiver granted by the Stock Exchange to the Company from strict compliance with (i) the announcement and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules (Chapter 20 of the GEM Listing Rules) in respect of the transactions under the Existing Contractual Arrangement; (ii) the requirements of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to the Group under the Existing Contractual Arrangement; and (iii) the requirement of limiting the term of the Existing Contractual Arrangement to three years or less, for so long as the Shares are listed on the Stock Exchange and subject to certain conditions, details of which are set out in the section headed "Connected Transactions" of the Prospectus
"WFOE"	Xibai (Nanjing) Information Technology Co., Ltd.* (矽柏(南京)信息技術有限公司), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company

* *For identification purpose only*

On behalf of the Board
China Parenting Network Holdings Limited
Zhang Lake Mozi
Executive Director

Nanjing, the People's Republic of China, 15 November 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Lake Mozi and Mr. Cheng Li; the non-executive Directors of the Company are Ms. Song Yuanyuan and Mr. Zhang Haihua; and the independent non-executive Directors of the Company are Mr. Zhao Zhen. Mr. Ge Ning and Mr. Manley Poon.