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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "Board") of directors (the "Directors") of China Parenting Network Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group" or "we") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2020 (the "Year" or "Reporting Period").

KEY HIGHLIGHTS

— In the Year 2020, MAU and DAU of mobile APPs of the Company (representing the sum volume of data of "Pregnancy Tracker" APP and the "Mama BBS" APP, two major mobile APPs of CI Web) increased to 15.26 million and 3.31 million respectively, representing an increase of 19.87% and 18.21%, respectively, as compared to last year.

— During the Year, the Group continued its initiatives in upgrading its core products and strengthen its algorithmic systems to identify and profile users habits to enhance servicing them more efficiency in real time. The Group upgraded and created a more professional and impactful content matrix, strengthened the establishment of the mother-child community and planned an in-depth layout of all scenarios and traffic channels to provide broader service coverage across all core verticals include health, education, new retail, parent-child travel and e-commerce.

— The completion of the issuance of the Convertible Notes of the Company in the aggregate principal amount of HK$35,000,000 took place on 29 March 2021. The Company intends to use the net proceeds for business expansion and investments in technology, direct to consumer and advertising verticals related to the mother-child industry, backend technology enhancement, marketing expenses and general working capital purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is a leading vertical online platform for the Children-Babies-Maternity market, aiming at providing users with new media, content, communities, smart hardware, e-commerce, cross-border services and other services with overall platform including our platform, Mama BBS APP, Pregnancy Tracker APP, mother-child self-media matrix and online communities, creating a one-stop mother-child experience platform.

As at 31 December 2020, the total volume of data of mobile APPs of the Company (representing the sum volume of data of "Pregnancy Tracker" APP and the "Mama BBS" APP, two major mobile APPs of CI Web), the MAU and DAU aggregated 15.26 million and 3.31 million respectively, representing an increase of 19.87% and 18.21%, respectively, as compared to those of last year.

Industry Review

The growth rate of newborn has slowed down, but the active mother-child consumption strength has stabilized the market size

According to the National Bureau of Statistics, the number of births in China in 2019 was 14.65 million, a decrease of 3.8% on a year-on-year basis. However, the population of the 0-3-year-old mother-child group remains relevant, and the consumption power dominated by the huge mother-child population remains optimistic. According to iResearch's China Internet Maternal and Child New Generation Research report, in 2019, the scale of China's mother-child consumption market has reached 2.99 trillion yuan, and it is expected to reach 3.2 trillion yuan in 2020, it is evidenced that there is still huge room for development in the mother-child market.

Online demand has increased in light of the pandemic, particularly in digital, professional and personalized content

At the beginning of 2020, the industry was affected by the pandemic. The offline demand of mother-child users has declined, while the demand for online parent-child education, medical and health consumption has increased significantly, mainly due to the rapid development in lifestyle related online service platforms. Post pandemic, the online mother-child service ecosystem thrived and subsequently deepening the concept and requirement of higher standard of quality parenting, which in turn results in higher demand from users for content in terms of professionalism, content format, and customization.

Customer acquisition is key in light of decentralization of traffic environment

With the rapid development of the online mother-child industry, platform portals are getting more competitive while user traffic is scattered. At the same time, the industry's customer acquisition costs have also been rising. In addition, the trend of decentralization of traffic is becoming more prevalent, and the customer acquisition scenarios have also widened, which further tests all the customer acquisition scenario capabilities of mother-child brands, some of the scenarios include family consumption scenario, mobile shopping scenario, parenting and early education scenario, parent-child activity scenario, social circles, and offline mother-child store consumption scenario, etc.

The growth potential in professional content and relevant services remains optimistic, as the mother-child market size remains huge in the low-tier cities

The size of mother-child users in the low-tier cities market is huge, making the value of family consumption scenario very promising in the low-tier cities. According to iResearch's China Internet Maternal and Child New Generation Research report, more than half of post-95 users come from the low-tier cities market. Due to the lack of offline education and medical resources in the low-tier cities market, users have a stronger need for professional knowledge. Their needs for childcare, self-development and family are increasing rapidly, their consumption potential is very promising, and they are more willing to use derivative products and services such as early education and health consultation through the platform.

The progression in intelligentization upgrade in the mother-child industry expedited the transformation of a traditional industry to a digitalized business and established a new mother-child ecosystem

With the application and breakthrough of artificial intelligence and big data, the concept of smart parenting has been upgraded. The sudden strike of the pandemic in 2020 has accelerated the digital upgrade and innovation of the traditional mother-child industry. In order to meet the needs and experience of users, comprehensive data of users, marketing and consumption were used to drive the digital transformation of the supply chain from bottom to top, bringing more in-depth and borderless online and offline integration, thus establishing a new mother-child ecosystem.

Business Review

Under the influence of the pandemic, the online business has been booming, while the offline business is gradually picking up. The mother-child industry is facing challenges such as traffic downflow, full-scenario customer acquisition, and digital transformation. During the year, the Group upgraded its two core products, the Mama BBS APP, and the Pregnancy Tracker APP. Using the help of the Pregnant Mama's Treasure Hunt Movement campaign to attract new pregnant women throughout the year, we managed to develop more professional content for the low-tier cities market, extending a full-scenario business of health, education, new retail, parent-child travel, and e-commerce consumption. At the same time, we performed digital upgrade of the B side using the 7 digital capabilities of the platform. We insisted on optimizing and expanding our business, conforming to and promote the evolution of the mother-child industry, and continue to provide better services to the mother-child group.

Due to the COVID-19 pandemic, a more professional and impactful content matrix was developed to strengthen user stickiness and trust

In the current situation of digital information and personalized parenting, our platform has fully upgraded its core product, the Mama BBS APP, integrated multiple data sources to build a user portrait and labeling system, built a multi-scenario user layered system to accurately reach users and improve operational effects in real time. In response to users' increasing demand for professional content during the pandemic, a professional influential content matrix focusing on experts, doctors, and KOLs has been created to enhance user stickiness and trust.

The IP of the Mom's Relief Room was launched for the first time, with authoritative experts, professional mother-child editors, and KOL mothers providing mother-child users with a full set of professional solutions of "Knowledge Popularization & Interactive Q&A". The Relief Room for "COVID-19 Prevention" was launched during the pandemic period to provide reliable guidance for prevention among mothers and children.

In terms of social influence, Mama BBS launched the "TOP V Partners Program", a support project for mother-child online influencers, to establish a full ecological influencers matrix from Key Opinion Consumers to Key Opinion Leaders. We also launched the first Mother-Child TOP V Festival, inviting mother-child KOLs to co-create a content event, and promoting the balance between KOL influenced brands and the mother-child content on the platform. In addition, we set up live channels and invite professionals in relevant fields, including doctors, lawyers, experts, etc., to stream live broadcasts for mothers, thus developing strong online communication between users and industry experts.

Extensive planning on all possible scenarios and channels for effective customer acquisition

On the back of declining birth rate and increasing customer acquisition costs, our platform has developed accurate and comprehensive full-scenario customer acquisition capabilities for efficient customer acquisition for itself and its service brands. Pregnant women as the primary audience of mother-child brands, are increasingly showing their core value of traffic. During the year, our platform launched the Pregnant Mama's Treasure Hunt Movement campaign to attract new pregnant women as a year-long operation. By setting up two major attracting mechanisms, "expansion fund" and "expansion gift package", the activeness and stickiness of pregnant women have been improved. We also launched online traffic platforms and offline building advertisements to accurately reach pregnant mothers at all times.

The increased traffic of our platform has also improved the brand's ability to acquire customers on the platforms of the website. In addition, our platform deployed full-fledged SaaS online and offline services, covering new retail, educational administration, health care and parent-child travel, providing full-channel quality services for mother-child families, and attracting traffic from the entire mother-child ecosystem. Based on such full-fledged service framework, we opened up access of our resources for enabling partnership and realizing the brand's holistic customer acquisition approach in new retail space, early education, family health and parent-child travel.

Aiming at the low-tier cities market of the mother-child families for launching the new growth point of traffic acquisition in the low-tier market

In the environment where the low-tier cities market continuously grows in number of consumers and consumption capabilities, our platform has put more efforts into the ecosystem of the platform, attracting the attention of the low-tier cities market users and deploying mother-child family services.

The core product Maternity Reminder APP has been upgraded and renamed Pregnancy Tracker. Based on the original maternity module, we strengthened parenting functions and services, providing more professional and intelligent services for all gestational ages. It has self-upgrading and optimizing parenting tools, precise access to parenting content, layout of nurturing tools program in multiple dimensions, multi-point access to user needs; collaboration with intelligence hardware such as mobile phones to seize the initiative in covering the low-tier cities market of mother-child families in full scenario.

In addition, focusing on user needs, online and offline channels were combined to create segmented service scenarios. Mother-child new retail space, early education, medical care, and other fields has been deployed to provide diversified mother-child life services in third- and fourth-tier cities. The new retail system of Mommy Store invested and developed by our platform provides professional solutions such as smart cashier, membership marketing, and business intelligence for small and medium-sized mother-child stores across the country, helping offline mother-child stores to privatize member assets, expand community customer base, improve operating efficiency, reduce customer acquisition and operating costs of mother-child stores, and provide a better offline shopping experience for mother-child families in the low-tier cities market.

Strategize online shopping guide and e-commerce planning to optimize user's consumption path

Driven by the pandemic, online e-commerce has been growing. In this regard, our platform has intensively cultivated the community to share content and collaborated with e-commerce platforms to jointly optimize the decision-making path of consumers.

We provided online self-operated health consultation service transactions in Mini Programs such as Expert Consultations and Mother Lectures and has constantly provided health advice services for mother-child families. In the mothers' recommendation channels, there are KOLs in parenting, beauty and other fields sharing good stuff and content.

The first Deal-Hunting Festival on Mama BBS was launched. Through interactive forms such as limited time offers, strategy rankings, reputation sharing, and big V live broadcasts, we assisted mothers to shop more efficiently on e-commerce platforms during Double Eleven Promotion.

Additionally, the Group also focused on the rapidly growing community group purchasing economy during the pandemic, independently developed a series of Small Bazaar APPs and WeChat Mini Programs and provided e-commerce tools and supply chains based on community traffic. Mainstream e-commerce platforms were united to provide convenience for mother-child consumption.

Industry transformation is imminent, with 7 digital capabilities to empower the mother-child industry

The digitalization of the mother-child industry has been a growing trend. As a pioneer in digitalization, our platform integrated marketing digitization, brand digitization, digital tools, digital customer acquisition, channel digitization, digital content, and data center, which are the 7 digital technology strengths to support the mother-child industry to carry out efficient digital transformation.

Especially in terms of data center, our platform, together with Geitu, AdMaster, and Marcpoint, jointly built the BABYFACE precision big data marketing platform to manage the industry data asset. Through the platform, more refined user data and tags were aggregated to provide more efficient data management, mother-child population management and strategy management to guide the digitalization process for B-side customers and the brand needs.

Future Prospects

Year 2021 is the 15th anniversary of the establishment of the Group. We will coordinate the plans of the three strategies of traffic, transaction, and digitalization and the related product matrix to provide a complete set of smart home solutions to help mother-child users become better moms and enjoy better family life through the platform of our platform.

Traffic Strategy: continuously improve and efficiently use major core product traffic and community traffic; IP traffic; ecological platform SaaS traffic.

Transaction Strategy: strengthen the advantages of transaction guidance to complete transaction. Focusing on self-operated health services, mother's recommendation channels, Small Bazaar APP shopping guide and other business categories, use multi-scenarios multi-mode to facilitate transactions, meet the shopping consumption needs of mother-child families fast and frequently.

Digitalization Strategy: provide standard cloud services, customized digital services and big data management for B-side customers, rely on BABYFACE precision big data marketing platform to provide mother-child data asset management for the mother-child industrial chain.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2020 was approximately RMB92.3 million, representing a decrease of approximately 2.1% over approximately RMB94.3 million for the year ended 31 December 2019, primarily due to the decrease of investment budget by certain customers, resulting in a decrease in revenue for 2020.

Cost of sales

The Group's cost of sales for the year ended 31 December 2020 was approximately RMB62.2 million, representing an increase of approximately 31.1% over approximately RMB47.4 million for the year ended 31 December 2019, primarily due to the increased efforts put into the promotion and technological support on CI Web and its related APPs.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2020 was approximately RMB30.1 million, representing a decrease of approximately 35.8% over approximately RMB46.9 million for the year ended 31 December 2019. During the year ended 31 December 2020, the Group's gross profit margin decreased from approximately 49.7% for the year ended 31 December 2019 to approximately 32.6%, primarily due to higher technical supporting cost.

Other income and gains

The Group's other income and gains for the year ended 31 December 2020 was approximately RMB10.0 million, representing an increase of approximately 14.3% compared to approximately RMB8.7 million for the year ended 31 December 2019, primarily due to the government grants provided by the local government as development support funds.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2020 was approximately RMB50.3 million, representing an increase of approximately 129.3% over approximately RMB21.9 million for the year ended 31 December 2019, primarily attributable to the increase in marketing expenses.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2020 was approximately RMB17.5 million, representing an increase of approximately 4.2% over approximately RMB16.8 million for the year ended 31 December 2019, which remained relatively stable.

Research and development costs

The Group's research and development ("R&D") cost for the year ended 31 December 2020 was approximately RMB19.5 million, representing an increase of approximately 84.6% over approximately RMB10.6 million for the year ended 31 December 2019, primarily attributable to the increase in the number of R&D personnel and the increase in investment in technological development.

Income tax credit/(expense)

The Group's income tax credit for the year ended 31 December 2020 was approximately RMB11.5 million, representing a reversal of approximately 247.8% over approximately RMB7.8 million for the year ended 31 December 2019, primarily due to reclassification of financial assets.

(Loss)/profit for the year

As a result of the factors described above, the Group's net loss for the year ended 31 December 2020 was approximately RMB96.5 million, as compared to net profit of approximately RMB23.2 million for the year ended 31 December 2019.

(Loss)/earnings per share

For the Year, the loss per share was approximately RMB0.0938 as compared to earnings per share of approximately RMB0.019 in 2019.

Gearing ratio

As of 31 December 2020, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was 12.4% (31 December 2019: 15.0%).

Capital expenditure

Our capital expenditure was RMB7.7 million for the year ended 31 December 2020 (31 December 2019: RMB0.3 million). The Group's capital expenditures were mainly related to the purchases of servers, computers, office equipment and the expense for construction of headquarter.

Liquidity and capital resources

As at 31 December 2020, the net current assets of the Group was approximately RMB47.3 million (31 December 2019: approximately RMB98.7 million) and the cash and cash equivalents were approximately RMB44.1 million (31 December 2019: approximately RMB57.7 million).

As of 31 December 2020, the bank borrowing of the Group was approximately RMB19.0 million (31 December 2019: approximately RMB49.0 million). The Group's bank borrowings as at 31 December 2020 were denominated in RMB and the loans of RMB10.0 million (31 December 2019: approximately RMB10.0 million) were guaranteed by personal guarantees, details are set out in note 19.

Foreign exchange exposure

The Group's transactions are mainly denominated in RMB. Part of the cash and bank deposits of the Group are denominated in Hong Kong dollars. During the year ended 31 December 2020, the Group did not experience any material impact or liquidity problems in its operation resulting from the changes in exchange rate nor enter into hedging transaction or forward contract arrangement. However, the management closely monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. In this regard, the Group is not exposed to any significant foreign currency exchange risk in its operation.

Capital structure

The shares of the Company were listed on the GEM of the Stock Exchange on 8 July 2015 and the listing of shares of the Company has been transferred to the Main Board of the Stock Exchange on 8 October 2018. The capital structure of the Company comprised ordinary shares and 1,025,662,000 shares in issue as at 31 December 2020.

Capital commitment

As at 31 December 2020, the Group had capital commitment of approximately RMB52.3 million (including the construction cost of the Target Land and various government administrative fees and taxes) (31 December 2019: RMB56.8 million).

Employees, training and remuneration policy

The remuneration committee of the Company will review and determine the remuneration and compensation packages of Directors with reference to their responsibilities, workload, and the time devoted to the Group and the performance of the Group. In general, the Group determines employees' salaries based on their performance and length of services. The Board believes the salaries and benefits provided to the employees are competitive with local market standards. The Group also contributes to the social insurance in the PRC.

The Group has implemented training for new employees during their course of employment in order to ensure that employees are able to meet the job requirements. In addition, the Group will occasionally arrange internal and external trainings for the Group's employees. For external trainings, external speakers who have extensive experience in information technology may be invited to attend the Group's office to perform the training, and for internal trainings, the topics may include finance, accounting, risk management or information technology and such trainings will be conducted by the relevant department. The Group considers these on-job trainings are necessary for the employees to handle issues which may arise in their day to day operations and can enhance their ethic and morale.

As at 31 December 2020, the Group had a total of 216 employees including executive Directors (31 December 2019: 185 employees). Total staff costs were approximately RMB28.6 million for the year ended 31 December 2020 (31 December 2019: approximately RMB30.7 million).

Material acquisitions and disposals of subsidiaries

Save as disclosed in this results announcement, during the year ended 31 December 2020, there was no material acquisition or disposal of subsidiaries by the Group.

Charges of assets

As at 31 December 2020, the Group did not make any pledged bank deposit (31 December 2019: Nil).

Contingent liabilities

As at 31 December 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (year ended 31 December 2019: nil).

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND PROFIT OR LOSS

Breakdown of the Company's financial assets at fair value through other comprehensive income and profit or loss as at 31 December 2020 is set out in note 13 of the consolidated financial statements. Further details of each invested companies will be disclosed in the 2020 annual report of the Company.

With technological advancement and the changes in needs and behaviors of the new generation consumers in recent years, our investment helps to achieve the upstream and downstream digitalization of the industrial chain. It is also beneficial for us to consolidate new technology and service application scenarios to help brands upgrade their traditional business models, which is in line with our strategic planning direction.

The Group is a vertical online platform for the CBM market. In relation to its business development, family-related business of the Group refers to business that uses Internet technology to address the needs of new generation home consumers as target customers, such as early education, entertainment, health and services. On the basis of its existing core business, the family-related business of the Group still adheres to the original family-based user groups of its CBM platform, and forms a new maternal and child ecological layout with diversified maternal and child family services. It also extends the traditional and single maternal and child services to several cross-sector segments including health, education and entertainment, further expanding the types of family services and customer reach, prolonging user life-cycle, and meeting the increasing long-tail demands from the mother-child groups.

There have been rapid changes in the Internet industry and the competition in online advertising and e-commerce market and related O2O business is intense. The Group intends to expand into new core sectors such as new socialized retail, family medical, family education and internet technology with external empowerment. Leveraging the investments in the companies engaged in relevant new sectors, the Company will be able to reduce its costs to a certain extent and enter such new sectors in a quicker manner, as well as gain technology reserves and Internet traffic from new resources. The Company targets on investments in entities which are principally engaged in CBM and family related business chain and related technology research and development, which is in line with the principal business and future business development of the Company.

LOANS TO OTHER ENTITIES

The balance represents loans extended to unrelated third parties, bearing interest rates of 6.0% to 8.0% per annum for periods of 12 to 36 months. The entering into these loan facility agreements with these third parties are for the long-term interest of the Group.

Breakdown of the Company's loans to other entities as at 31 December 2020 is set out in note 13 and note 16 of the consolidated financial statements. Further details of each borrowing companies will be disclosed in the 2020 annual report of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020 and up to the date of this results announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Revenue	5	**92,267**	94,294
Cost of sales		**(62,151)**	(47,400)
Gross profit		**30,116**	46,894
Other income and gains	6	**9,984**	8,734
Selling and distribution expenses		**(50,262)**	(21,915)
Administrative expenses		**(17,510)**	(16,805)
Research and development costs		**(19,497)**	(10,562)
Impairment losses on financial and contract assets, net		**(713)**	(470)
Fair value changes of financial assets at fair value through profit or loss		**(12,049)**	27,173
Loss on disposal of financial assets at fair value through profit or loss		**(1,886)**	–
Loss on deemed derecognition of financial assets		**(45,105)**	–
Other expenses		**(216)**	(98)
Finance costs	8	**(916)**	(1,914)
(Loss)/profit before tax	7	**(108,054)**	31,037
Income tax credit/(expense)	9	**11,536**	(7,804)
(Loss)/profit for the year		**(96,518)**	23,233
(Loss)/profit attributable to:			
Owners of the parent		**(96,175)**	19,437
Non-controlling interests		**(343)**	3,796
		(96,518)	23,233
		RMB cents	*RMB cents* (Restated)
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
Basic and diluted	11	**(9.38)**	1.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	2020 *RMB'000*	2019 *RMB'000* (Restated)
(Loss)/profit for the year	**(96,518)**	23,233
Other comprehensive (loss)/income, net of tax:		
Items that will not be reclassified to profit or loss in subsequent periods:		
Financial assets designated at fair value through other comprehensive income:		
Changes in fair value	**(15,635)**	(1,643)
Income tax effect	**(4,046)**	(471)
	(19,681)	(2,114)
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(2,703)**	1,604
Other comprehensive loss for the year, net of tax	**(22,384)**	(510)
Total comprehensive (loss)/income for the year	**(118,902)**	22,723
Total comprehensive (loss)/income for the year attributable to:		
Owners of the parent	**(118,559)**	18,927
Non-controlling interests	**(343)**	3,796
	(118,902)	22,723

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**31 December 2020 *RMB'000***	31 December 2019 *RMB'000* (Restated)	1 January 2019 *RMB'000* (Restated)
Non-current assets				
Property, plant and equipment		**8,067**	707	703
Right-of-use assets		**7,665**	3,330	5,609
Long-term receivables	*12*	**4,237**	8,393	12,396
Deposit for property, plant and equipment		**2,712**	5,348	–
Other financial assets	*13*	**259,217**	338,311	276,305
Deferred tax assets		**–**	84	22
		281,898	356,173	295,035
Current assets				
Inventories		**2,806**	9,545	119
Trade and bills receivables	*14*	**14,244**	24,636	22,495
Contract assets	*15*	**18,306**	23,527	54,561
Prepayments, deposits and other receivables	*16*	**5,424**	21,406	4,005
Other financial assets	*13*	**4,958**	–	–
Debt investment	*17*	**–**	30,000	–
Cash and cash equivalents		**44,090**	57,684	86,251
		89,828	166,798	167,431
Current liabilities				
Trade payables		**2,201**	–	2,269
Contract liabilities		**339**	35	2,211
Other payables and accruals	*18*	**13,685**	10,229	11,665
Lease liabilities		**1,447**	1,904	2,175
Interest-bearing bank borrowings	*19*	**19,000**	49,000	11,000
Tax payable		**5,868**	6,936	5,689
		42,540	68,104	35,009
Net current assets		**47,288**	98,694	132,422
Total assets less current liabilities		**329,186**	454,867	427,457

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000* (Restated)	1 January 2019 *RMB'000* (Restated)
Non-current liabilities			
Lease liabilities	**663**	1,066	3,206
Deferred tax liabilities	**2,720**	9,096	2,269
	3,383	10,162	5,475
NET ASSETS	**325,803**	444,705	421,982
Equity			
Equity attributable to owners of the parent			
Share capital	**8,090**	8,090	8,090
Reserves	**314,267**	432,826	413,904
	322,357	440,916	421,994
Non-controlling interests	**3,446**	3,789	(12)
TOTAL EQUITY	**325,803**	444,705	421,982

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company									
	Share capital *RMB'000*	Share Premium* *RMB'000*	Reserve funds* *RMB'000*	Other reserve* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Fair value reserve of financial assets designated at fair value through other comprehensive income* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2019, as previously reported	8,090	224,688	19,190	16,842	19,492	7,366	126,326	421,994	(12)	421,982
Correction of prior period errors at 1 January 2019	–	–	–	–	–	(13,728)	13,728	–	–	–
At 1 January 2019 (restated)	8,090	224,688	19,190	16,842	19,492	(6,362)	140,054	421,994	(12)	421,982
Profit for the year (restated)	–	–	–	–	–	–	19,437	19,437	3,796	23,233
Other comprehensive income/(loss) for the year:										
Exchange differences related to foreign operation	–	–	–	–	1,604	–	–	1,604	–	1,604
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax (restated)	–	–	–	–	–	(2,114)	–	(2,114)	–	(2,114)
Total comprehensive income/(loss) for the year	–	–	–	–	1,604	(2,114)	19,437	18,927	3,796	22,723
Appropriation to statutory reserves	–	–	2,179	–	–	–	(2,179)	–	–	–
Deregistration of a subsidiary	–	–	(22)	–	–	–	17	(5)	5	–
At 31 December 2019 (restated)	8,090	224,688	21,347	16,842	21,096	(8,476)	157,329	440,916	3,789	444,705
At 1 January 2020, as previously reported	**8,090**	**224,688**	**21,347**	**16,842**	**21,096**	**26,073**	**122,780**	**440,916**	**3,789**	**444,705**
Correction of prior period errors at 1 January 2020	**–**	**–**	**–**	**–**	**–**	**(34,549)**	**34,549**	**–**	**–**	**–**
At 1 January 2020 (restated)	**8,090**	**224,688**	**21,347**	**16,842**	**21,096**	**(8,476)**	**157,329**	**440,916**	**3,789**	**444,705**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(96,175)**	**(96,175)**	**(343)**	**(96,518)**
Other comprehensive loss for the year:										
Exchange differences related to foreign operation	**–**	**–**	**–**	**–**	**(2,703)**	**–**	**–**	**(2,703)**	**–**	**(2,703)**
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	**–**	**–**	**–**	**–**	**–**	**(19,681)**	**–**	**(19,681)**	**–**	**(19,681)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(2,703)**	**(19,681)**	**(96,175)**	**(118,559)**	**(343)**	**(118,902)**
Appropriation to statutory reserves	**–**	**–**	**6**	**–**	**–**	**–**	**(6)**	**–**	**–**	**–**
Deregistration of subsidiaries	**–**	**–**	**(1,043)**	**–**	**–**	**–**	**1,043**	**–**	**–**	**–**
At 31 December 2020	**8,090**	**224,688**	**20,310**	**16,842**	**18,393**	**(28,157)**	**62,191**	**322,357**	**3,446**	**325,803**

* These reserve accounts comprise the consolidated reserves of RMB314,267,000 (2019: RMB432,826,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 CORPORATE AND GROUP 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"). Upon approval by the Stock Exchange on 27 September 2018, the shares of the Company were listed on the Main Board on 8 October 2018 and delisted from the GEM since the last day of trading on 5 October 2018.

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; (ii) sale of goods and (iii) e-commerce business in China. Except for the additional business line the sale of goods this year, 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 approval of these financial statements, Ms. Li Juan, Mr. Cheng Li, Mr. Wu Haiming, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited are the Company's controlling shareholders.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for other financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	Covid-19-Related Rent Concessions (early adopted)
Amendments to IAS 1 and IAS 8	Definition of Material

The application of the amendments of IFRSs in current year had no material impact on the Group's financial positions and performance for current and prior years and/or disclosures set out in these consolidated financial statements.

4 CORRECTION OF PRIOR PERIOD ERRORS

In preparing the consolidated financial statements for the year ended 31 December 2020, the Group had identified certain accounting treatments adopted by the Group in its previously issued consolidated financial statements for the years ended 31 December 2018 and 2019 were incorrect. The amounts presented in the Company's consolidated financial statements in respect of the years ended 31 December 2018 and 2019 have been restated to correct those errors identified.

(a) Adjustments relating to classification of unlisted equity securities

Certain investments in unlisted equity securities which were previously classified as equity instruments at fair value through other comprehensive income ("FVOCI") contain contractual terms that for the investee companies and/or their original shareholders have contractual obligations to repurchase the equity shares held by the Group and/or issue additional shares to the Group in case of certain contingent events that have genuine possibility of occurring. Accordingly, those investments do not meet the definition of an equity instrument in IAS 32 "Financial Instruments: Presentation" and cannot be designated at FVOCI by the Group. Such investments should have been classified as financial assets at fair value through profit or loss ("FVPL") under IFRS 9 as at 1 January 2018.

(b) Adjustments relating to classification of loans to others

Certain loans to others which were previously classified as financial assets at FVOCI contain convertible options where the loans are convertible into equity interest in the borrowers. Accordingly, these loan receivables do not satisfy the contractual cash flow characteristics test for financial assets at FVOCI specified in IFRS 9. Such loans receivables should have been classified as financial assets at FVPL under IFRS 9 as at 1 January 2018.

The Group has quantified the financial impact on its financial statements and their impact on the Company's consolidated financial statements are provided in the tables below.

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of profit or loss for the year ended 31 December 2019 were as follows:

	As previously reported *RMB'000*	Adjustments relating to classification of unlisted equity securities measured at FVPL *RMB'000*	Adjustments relating to classification of convertible loans measured at FVPL *RMB'000*	As restated *RMB'000*
Fair value changes of financial assets at fair value through profit of loss	–	27,071	102	27,173
Profit before tax	3,864	27,071	102	31,037
Income tax expense	(1,452)	(6,364)	12	(7,804)
Profit for the year	2,412	20,707	114	23,233
(Loss)/profit attributable to owners of the parent	(1,384)	20,707	114	19,437
(Loss)/earnings per share attributable to ordinary equity holders of the parent				
Basic and diluted	(0.13)	2.02	0.01	1.90

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of comprehensive income for the year ended 31 December 2019 were as follows:

	As previously reported *RMB'000*	Adjustments relating to classification of unlisted equity securities measured at FVPL *RMB'000*	Adjustments relating to classification of convertible loans measured at FVPL *RMB'000*	As restated *RMB'000*
Profit for the year	2,412	20,707	114	23,233
Financial assets designated at fair value through other comprehensive income:				
Changes in fair value	25,530	(27,071)	(102)	(1,643)
Income tax effect	(6,823)	6,364	(12)	(471)
Other comprehensive income/(loss) for the year, net of tax	20,311	(20,707)	(114)	(510)

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of financial position as at 31 December 2019 and 1 January 2019 were as follows:

Consolidated Statement of Financial Position
As at 31 December 2019

	As previously reported	Adjustments relating to classification of unlisted equity securities measured at FVPL	Adjustments relating to classification of convertible loans measured at FVPL	As restated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Long-term receivables	28,081	–	(19,688)	8,393
Other financial assets:				
– Financial assets designated at fair value through other comprehensive income	318,623	(316,402)	–	2,221
– Financial assets at fair value through profit or loss	–	316,402	19,688	336,090
	318,623	–	19,688	338,311

Consolidated Statement of Financial Position
As at 1 January 2019

	As previously reported	Adjustments relating to classification of unlisted equity securities measured at FVPL	Adjustments relating to classification of convertible loans measured at FVPL	As restated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Long-term receivables	26,509	–	(14,113)	12,396
Other financial assets:				
– Financial assets designated at fair value through other comprehensive income	262,192	(258,352)	–	3,840
– Financial assets at fair value through profit or loss	–	258,352	14,113	272,465
	262,192	–	14,113	276,305

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of changes in equity as at 31 December 2019 and 1 January 2019 were as follows:

	Consolidated Statement of Changes in Equity As at 31 December 2019			
	As previously reported *RMB'000*	Adjustments relating to classification of unlisted equity securities measured at FVPL *RMB'000*	Adjustments relating to classification of convertible loans measured at FVPL *RMB'000*	As restated *RMB'000*
Fair value reserve of financial assets designated at fair value through other comprehensive income	26,073	(33,390)	(1,159)	(8,476)
Retained profits	122,780	33,390	1,159	157,329

	Consolidated Statement of Changes in Equity As at 1 January 2019			
	As previously reported *RMB'000*	Adjustments relating to classification of unlisted equity securities measured at FVPL *RMB'000*	Adjustments relating to classification of convertible loans measured at FVPL *RMB'000*	As restated *RMB'000*
Fair value reserve of financial assets designated at fair value through other comprehensive income	7,366	(12,683)	(1,045)	(6,362)
Retained profits	126,326	12,683	1,045	140,054

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in the provision of marketing and promotional services through the Group's platform and sale of goods.

(i) Disaggregation of revenue

Revenue of the Group are all from contracts with customers within the scope of IFRS 15. The amount of each significant category of revenue is as follows:

	2020 ***RMB'000***	2019 *RMB'000*
Marketing and promotional services	**61,779**	94,259
E-commerce	**–**	35
Sale of goods	**30,488**	–
	92,267	94,294

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

Contracts with provision of marketing and promotional services customers always have an original expected duration of less than one year. And contracts with individual customers for e-commerce and sales of goods are always satisfied within one month.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an original expected duration of one year or less.

(b) Segment information

The Group determines its operating segments based on internal reports reviewed by the chief operating decision makers, which are the executive directors of the Company, for the purpose of allocating resources to the segments and to assess their performance.

For the year ended 31 December 2020, in order to sustain the Group's development, the Group has introduced one more business line, sale of goods. There is no change in comparative figures as a result of the addition of this new business line. Specially, the Group's reportable and operating segments have been identified as follows:

(i) Marketing and promotional services; and

(ii) Sale of goods

The amount of each significant category of revenue recognised during the reporting period is as follows:

	For the year ended 31 December 2020			
	Marketing and promotional services *RMB'000*	**Sale of goods** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition				
Over time	**61,779**	**–**	**–**	**61,779**
Point in time	**–**	**30,488**	**–**	**30,488**
Segment revenue	**61,779**	**30,488**	**–**	**92,267**
Segment results	**32,358**	**(2,242)**	**–**	**30,116**

The amount of each significant category of revenue recognised during the reporting period is as follows:

	For the year ended 31 December 2019			
	Marketing and promotional services *RMB'000*	Sale of goods *RMB'000*	Others *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Over time	94,259	–	–	94,259
Point in time	–	–	35	35
Segment revenue	94,259	–	35	94,294
Segment results	46,859	–	35	46,894

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Segment results	**30,116**	46,894
Unallocated		
Other income and gains	**9,984**	8,734
Selling and distribution expenses	**(50,262)**	(21,915)
Administrative expenses	**(17,510)**	(16,805)
Research and development costs	**(19,497)**	(10,562)
Impairment losses on financial and contract assets, net	**(713)**	(470)
Fair value changes of financial assets at fair value through profit or loss	**(12,049)**	27,173
Loss on disposal of financial assets at fair value through profit or loss	**(1,886)**	–
Loss on deemed derecognition of financial assets	**(45,105)**	–
Other expenses	**(216)**	(98)
Finance costs	**(916)**	(1,914)
(Loss)/profit before tax	**(108,054)**	31,037

Segment results during the year represents the gross profit of each segment without allocation of other income and gains, selling and distribution expenses, administrative expenses, research and development costs, impairment losses on financial and contract assets, net, fair value changes of financial assets at fair value through profit or loss, loss on disposal of financial assets at fair value through profit or loss, loss on deemed derecognition of financial assets, other expenses and finance costs. This is the measure reported to the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and segment liabilities and other segment information are presented as such amounts are not reviewed by the Group's chief operating decision makers for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's chief operating decision makers.

Geographical information

During the year, the Group operated within one geographical segment because substantially all of its revenue was generated in the Mainland China and all of its long-term assets/capital expenditure were located/incurred in the Mainland China. Accordingly, no geographical information is presented.

Information about major customers

For the year ended 31 December 2020, no revenue from transactions with a single customer amounted to 10% or more of the Group's sales. For the year ended 31 December 2019, revenue of approximately RMB11,339,000 was derived from provision of marketing and promotional services to a subsidiary of a listed media group listed on the Shenzhen Stock Exchange which accounted for more than 10% of the total revenue.

6 OTHER INCOME AND GAINS

	2020	2019
	RMB'000	*RMB'000*
Bank interest income	**1,203**	111
Other interest income	**1,455**	1,505
Government grants *(note)*	**6,506**	5,513
Investment income from bank product investments	**753**	1,359
Gain on early termination of leases	**19**	–
Gain on deregistration of a subsidiary	**–**	16
Other income	**48**	230
	9,984	8,734

Note:

Government grants were received from the government of the Mainland China mainly to encourage the Group's efforts on development and innovation or as listing incentives. There are no unfulfilled conditions or contingencies relating to the grants.

7 (LOSS)/PROFIT BEFORE TAX

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

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Cost of inventories sold		**32,730**	–
Cost of services provided		**21,633**	38,530
Depreciation of property, plant and equipment		**300**	304
Depreciation of right-of-use assets		**2,431**	2,449
Research and development costs:			
Current year expenditure		**19,497**	10,562
Auditor's remuneration		**1,800**	1,200
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**24,833**	26,735
Pension scheme contributions (defined contribution scheme)		**1,461**	1,791
Impairment of financial and contract assets, net:			
Impairment on trade receivables, net		**(33)**	249
Impairment on contract assets, net		**(178)**	221
Impairment of financial assets included in prepayment, deposits and other receivables	*16*	**924**	–
Fair value changes of financial assets at fair value through profit or loss		**12,049**	(27,173)
Loss on disposal of financial assets at fair value through profit or loss		**1,886**	–
Loss on disposal of items of property, plant and equipment		**75**	–
Loss on deemed derecognition of financial assets		**45,105**	–
Written off of inventories		**–**	9
Written off of trade and other receivables		**65**	–
Written down of inventories to net realisable value		**6,540**	–
Foreign exchange differences, net		**218**	369
Bank interest income	*6*	**(1,203)**	(111)
Other interest income	*6*	**(1,455)**	(1,505)
Government grants	*6*	**(6,506)**	(5,513)
Investment income from bank product investments	*6*	**(753)**	(1,359)
Gain on early termination of leases	*6*	**(19)**	–
Gain on deregistration of a subsidiary	*6*	**–**	(16)

8 FINANCE COSTS

	2020 *RMB'000*	2019 *RMB'000*
Interest on bank borrowings	**761**	760
Interest on discounted bill	**–**	950
Interest on lease liabilities	**155**	204
	916	1,914

9 INCOME TAX CREDIT/(EXPENSE)

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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 Mainland China subsidiaries are subject to income tax at a statutory rate of 25% on their respective taxable income, except for Nanjing Xibai, Nanjing Xile, Khorgos Xizhi and Nanjing Xihui.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries(《財政部、國家稅務總局關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知》)promulgated by the State Council on 20 April 2012, if a corporate enterprise is recognised as a software enterprise, from tax filing at its first profitable year, the corporate enterprise can enjoy a preferential tax treatment (i.e., 2-year exemption and 3-year half payment). Nanjing Xibai and Nanjing Xile have been recognised as software enterprises since 27 May 2016 and filed in local tax bureau. Therefore, Nanjing Xibai would be exempted from income tax for their first two profitable years (i.e., 2015 and 2016) followed by a preferential income tax rate of 12.5% from 2017 to 2019 and Nanjing Xibai has been recognised as high-tech enterprise since 6 December 2019, the corporate enterprise can enjoy a preferential income tax rate of 15% from 2020 to 2022. Nanjing Xile would be exempted from income tax for their first two profitable years (i.e., 2019 and 2020) followed by a preferential income tax rate of 12.5% in 2021.

In addition to the recognised identification of high-tech enterprise and entitlement of a preferential income tax rate of 15%, if an enterprise is approved and certified by relevant regulatory authorities as "Important Software Enterprise" under the National Planning Layout for the year, it can further enjoy a preferential tax rate of 10%. According to the relevant regulations, the difference between the tax amount paid at the rate of 15% and the tax amount calculated at the preferential corporate income tax rate of 10% will be refunded to the relevant enterprises after the relevant period, and will be correspondingly reflected in the profit or loss account of the enterprise when it is refunded.

Pursuant to the notice of the Cai Shui [2016] No. 49 issued by the Ministry of Finance, the State Administration of Taxation, National Development and Reform Commission of the PRC and Ministry of Industry and Information Technology of the PRC on May 4, 2016, Nanjing Xibai had made an application for a preferential tax rate of 10% regarding to the "Important Software Enterprise" for Year 2019. As at 12 October 2020, the difference between the tax amount paid at the rate of 15% and the tax amount calculated at the preferential income tax rate of 10% has been received, and reflected in the Group's consolidated financial statements in Year 2020.

According to the relevant requirements, application for a preference tax rate of 10% regarding to the "Important Software Enterprise" of this year will be conducted in next year. Thus, refer to paragraph 6 of this note, pursuant to the relevant regulatory requirement, Nanjign Xibai has calculated the enterprise income tax expense at the preferential tax rate of 15% for Year 2020.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Policies for Xinjiang Uygur Autonomous Region and Xinjiang Kashgar Autonomous Region(《財政部、國家稅務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知》)promulgated by the State Council on 29 November 2011, if a corporate enterprise is newly established within calendar years 2010 to 2020 in two specific regions with business fallen in the scope of the Catalogue of Preferred Enterprise Income Tax for Key Encouraged Industries in Poor Areas of Xinjiang(《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄》), the corporate enterprise can enjoy a preferential tax treatment (i.e., 5-year exemption) from the first year when the entity begins to generate revenue. Khorgos Xizhi is exempted from income tax from calendar years 2017 to 2020 upon an approval by the State Taxation Bureau of the Xinjiang Uygur Autonomous Region in October 2017.

Pursuant to the Circular of the State Administration of Taxation on the Issues Concerning Implementation of the Preferential Income Tax for Hi-Tech Enterprises (《國家稅務總局，關於實施高新技術企業所得稅優惠政策有關問題的公告》) promulgated by the State Council on 19 June 2017, if a corporate enterprise is recognised as a high-tech enterprise, the corporate enterprise can enjoy a preferential income tax rate of 15%. Nanjing Xihui has been recognised as a high-tech enterprise since 30 November 2018 and filed in local tax bureau. Therefore, Nanjing Xihui would enjoy a preferential income tax rate of 15% from 2018 to 2020.

The income tax expense of the Group are analysed as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Current tax — Mainland China		
Provision for the year	**20**	2,807
Over-provision in respect of prior years	**(1,218)**	(1,297)
	(1,198)	1,510
Deferred tax		
Origination of temporary differences	**(10,338)**	6,294
Total tax (credit)/charge for the year	**(11,536)**	7,804

The taxation for the year can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
(Loss)/profit before tax	**(108,054)**	31,037
Tax calculated at the Mainland China statutory tax rate of 25%	**(27,013)**	7,759
Lower tax rates for specific provinces or enacted by local authority	**1,193**	1,328
Income not subject to tax	**(6,102)**	(7,473)
Expenses not deductible for tax	**12,937**	6,450
Over-provision in respect of prior years	**(1,218)**	(1,297)
Tax losses not recognised	**8,667**	4,969
Tax concession	**–**	(3,932)
Tax (credit)/charge at the Group's effective tax rate	**(11,536)**	7,804

10 DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2019 and 2020.

11 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 1,025,662,000 (2019: 1,025,662,000) in issue during the year.

There were no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019, and therefore the diluted (loss)/earnings per share amount is equivalent to the basic (loss)/earnings per share.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	**(96,175)**	19,437

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue	**1,025,662,000**	1,025,662,000

	2020	2019
	RMB cents	*RMB cents*
		(Restated)
(Loss)/earnings per share attributable to ordinary equity holders of the parent		
– Basic and diluted	**(9.38)**	1.90

12 LONG-TERM RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Rental deposits	**57**	934
Loans to employees *(note)*	**4,180**	6,342
Loan to a third party	**–**	1,117
	4,237	8,393

Note:

Since September 2016, the Group had begun to offer certain employees interest-free loans which amounted to no more than RMB15,000,000 in aggregate. The employees, including key management personnel, who have served the Group for more than three years can apply for such interest-free loans to purchase home properties. The balance, including interest-free loans to key management personnel of RMB1,511,000 (2019: RMB1,755,000), represents the interest-free loans to employees which will be repaid within two to five years. The current portion which will be repaid within one year is presented in note 16.

13 OTHER FINANCIAL ASSETS

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Financial assets designated at fair value through other comprehensive income			
– Unlisted equity securities	*(i), (ii)*	**201,818**	2,221
Financial assets at fair value through profit or loss			
– Unlisted equity securities	*(i)*	**45,527**	316,402
– Convertible loans to third parties	*(iii)*	**16,830**	19,688
		264,175	338,311
Analysed into:			
– Non-current		**259,217**	338,311
– Current		**4,958**	–
		264,175	338,311

Notes:

(i) During the year ended 31 December 2020, the Group entered into supplementary agreements with certain investee companies and cancelled the contractual terms which granted the Group to request the investee companies and/or their original shareholders to repurchase the Group's equity shares. As a result of the modification of contractual terms, these securities were deemed to be derecognised and incurred a loss on deemed derecognition of financial assets of RMB45,105,000 during the year.

On the basis of the above modification, these securities can meet the definition of equity instruments and hereafter designated as financial asset at FVOCI.

(ii) As at 31 December 2020 and 2019, certain equity securities as shown in following table were designated as financial assets at FVOCI. These equity securities are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Nanjing Hongdou Information Technology Company Limited*	**16,851**	–
Nanjing Baicheng Medical Technology Company Limited*	**15,308**	–
Nanjing Mengmiao Education Technology Co., Ltd.*	**13,320**	–
Nanjing Duozan Health Technology Company Limited*	**13,315**	–
Nanjing Duomai Information Technology Company Limited*	**12,837**	–
Nanjing Shen Jufeng Engine Information Technology Company Limited*	**12,669**	–
Nanjing Qianguang Information Technology Co., Ltd.*	**11,352**	–
Nanjing Youke Workshop Information Technology Co., Ltd.*	**11,008**	–
Nanjing Shenkong Vision Artificial Intelligence Technology Development Company Limited*	**9,804**	–
Nanjing Free Chain Information Technology Company Limited*	**9,288**	–
Nanjing Yunqulu Network Technology Company Limited*	**9,116**	–
Nanjing Luobo Information Technology Company Limited*	**7,950**	–
Hangzhou Xianju Information Technology Co., Ltd.*	**7,800**	–
Nanjing Yuanhui Information Technology Co., Ltd.*	**7,568**	–
Suzhou Youchao Information Technology Co., Ltd.*	**6,080**	–
Guangzhou Baxianguohai Information Technology Co., Ltd.*	**5,400**	–
Others	**32,152**	2,221
	201,818	2,221

At the end of the reporting period, no dividends were received on these equity securities (2019: RMB Nil).

* The English names referred herein represent management's best effort at translating from the official Chinese names of these companies for identification purposes as no English names have been registered.

(iii) The balance included loans measured at fair value of RMB11,872,000 (2019: RMB14,935,000) and RMB4,958,000 (2019: RMB4,753,000) made to private companies, namely Nanjing Qianyu Information Technology Company Limited (「南京千魚信息技術有限公司」) ("Nanjing Qianyu") and Beijing Hongwei Technology Company Limited (「北京宏偉科技有限公司」) ("Beijing Hongwei"), respectively. In future, by evaluating the performance of Nanjing Qianyu and Beijing Hongwei over a period, the Group has the option to convert the loans into equity shares of Nanjing Qianyu and Beijing Hongwei.

The loan to Nanjing Qianyu was guaranteed by a subsidiary, Jiangsu Wansheng Weiye Network Technology Company Limited (「江蘇萬聖偉業網絡科技有限公司」) of an A-share listed company.

14 TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**13,280**	22,607
Impairment	**(136)**	(271)
	13,144	22,336
Bills receivables	**1,100**	2,300
	14,244	24,636

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 to 180 days after date of invoices, depending on contracts with individual customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to customers with a good track record, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Bills receivables are those bills not yet due at the end of the reporting period and the management considers the default rate is low as the Group did not encounter any default on bills receivables based on past experience. All bills received by the Group are with a maturity period of less than one year.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the date of invoices and net of loss allowance, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**7,769**	12,822
3 to 6 months	**1,205**	5,869
6 months to 1 year	**2,346**	3,302
1 to 2 years	**281**	–
2 to 3 years	**2,643**	2,643
	14,244	24,636

15 CONTRACT ASSETS

	2020	2019
	RMB'000	*RMB'000*
Contract assets arising from marketing and promotional services	**18,416**	23,815
Impairment	**(110)**	(288)
	18,306	23,527

As at 1 January 2019, contract assets amounted to RMB54,561,000.

Contract assets are initially recognised for revenue earned from the marketing and promotional services as the receipt of consideration is conditional on successful completion of services. Included in contract assets for marketing and promotional services are retention receivables. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The significant change in contract assets in 2020 and 2019 was the result of the decrease in the ongoing provision of marketing and promotional services at the end of each of the years.

During the year ended 31 December 2020, impairment losses of RMB178,000 were reversed (2019: impairment losses of RMB221,000 were recognised) for expected credit losses on contract assets.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**18,306**	23,527

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Advance payments to suppliers	**503**	17,233
Prepaid expenses	**514**	844
Employee advances	**74**	176
Rental deposits	**865**	–
Deposits	**–**	41
Other receivables	**487**	334
Loan to a third party *(note (a))*	**1,180**	–
Current portion of loans to employees *(note 12)*	**2,725**	2,778
	6,348	21,406
Less: Impairment allowance *(note 7)*	**(924)**	–
	5,424	21,406

Note:

(a) The loan to a third party is unsecured, bearing interest rates of 6% per annum and repayable within one year.

The financial assets included in the above balances are non-interest bearing and unsecured and relate to receivables for which there was no recent history of default, except the loan to a third party mentioned in note (a). As the directors consider the deteriorating financial performance of this third party and impairment loss of RMB924,000 was recognised during the year ended 31 December 2020.

17 DEBT INVESTMENT

	2020	2019
	RMB'000	*RMB'000*
Debt investment	**–**	30,000

The debt investment was a wealth management product issued by a bank in the Mainland China, which was principal guaranteed with a floating return ranging from 2% to 3.75% per annum. It was redeemed on 30 January 2020.

18 OTHER PAYABLES AND ACCRUALS

	2020	2019
	RMB'000	*RMB'000*
Other payables	**3,939**	1,193
Accruals	**23**	116
Other tax payables	**5,308**	4,160
Employee related payables	**4,415**	4,760
	13,685	10,229

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

19 INTEREST-BEARING BANK BORROWINGS

		2020			2019	
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loan, guaranteed	**4.35**	**2021**	**10,000**	4.35	2020	10,000
Bank loan, unsecured	**4.05–4.35**	**2021**	**9,000**	3.45–5.22	2020	39,000
			19,000			49,000

	2020	2019
	RMB'000	*RMB'000*
Analysed into:		
Bank loans:		
Within one year or on demand	**19,000**	49,000

Notes:

(a) The loans of RMB10,000,000 (2019: RMB10,000,000) are guaranteed by personal guarantees given by an executive director, Mr. Cheng Li, and non-executive directors, Ms. Li Juan and Mr. Wu Haiming, of the Company. The relevant directors did not receive any fees for such guarantees from the Group and the Group did not provide any collateral for the aforesaid guarantees to the relevant directors.

(b) The Group's bank facilities amounted to RMB19,000,000 (2019: RMB49,000,000), all of which had been utilised as at the end of the reporting period and will be settled within one year.

(c) The loans are denominated in RMB.

ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

On 9 February 2021 and 15 February 2021, the Company entered into a subscription agreement and supplemental agreement with Ellwood International Ltd and nine other subscribers, who are either individual professional investors or companies ultimately owned by professional investors, pursuant to which the Company conditionally agreed to issue and Ellwood International Ltd and the other subscribers have conditionally agreed to subscribe for the convertible notes in the aggregate principal amount of not more than HK$35 million (the "Convertible Notes") with the initial conversion price of HK$0.24 per conversion share (the "Conversion Price"). The issue of Convertible Notes was completed on 29 March 2021 and the Convertible Notes in an aggregate principal amount of HK$35 million were issued by the Company. Assuming the Convertible Notes are fully converted, based on the Conversion Price, a maximum of 145,833,333 conversion shares will be allotted and issued by the Company under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 12 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance practices are very essential for maintaining and promoting investor confidence as well as the sustainable growth of the Company. The Board sets appropriate policies and implements relevant corporate governance practices with a view to further develop our business and achieve business growth. The Board is committed to strengthening the Company's corporate governance practices, to ensure transparency and accountability of the Company's operations.

The Group has adopted the code provisions set out in the corporate governance code (the "CG Code") contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2020.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' dealings in securities of the Company. Having made specific enquiry to all the Directors of the Company, the Directors confirmed that they have complied with Model Code during the Year ended 31 December 2020.

WRITTEN GUIDELINES FOR RELEVANT EMPLOYEES IN RESPECT OF THEIR DEALINGS IN SECURITIES

The Company has established written guidelines on the employees' dealings in the securities of the Company on terms which are no less exacting than the Model Code (the "Employees Written Guidelines") to regulate the dealings in the securities of the Company by employees (including the Directors or employees of the subsidiaries or holding company of the Company) who are likely to possess inside information of the Company and/or its securities. The Company is not aware of any non-compliance of the Employees Written Guidelines by the employees during the year ended 31 December 2020.

Should the Company becomes aware of any restricted period for dealings in the Company's securities, the Directors and relevant employees shall be notified in advance.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of the financial reporting matters; and oversee internal control procedures of the Company. At present, the audit committee of the Company consists of three members, namely the independent non-executive Director Mr. Wu Chak Man, the non-executive Director Ms. Li Juan and the independent non-executive Director Mr. Ge Ning. Mr. Wu Chak Man is the chairman of the audit committee of the Company. Members of the audit committee of the Company comply with Rule 3.21 of the Listing Rules. The written terms of reference of the audit committee of the Company are posted on the Hong Kong Stock Exchange's website and the Company's website.

The audit committee of the Company had reviewed the Company's audited annual results for the year ended 31 December 2020, and was of the opinion that the relevant financial statements have been prepared in accordance with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee of the Company has also reviewed the accounting principles and practices adopted by the Group, and the selection and appointment of the external auditor. In addition, based on information furnished to the Board and on its own observations, the audit committee of the Company had reviewed the present risk management and internal control systems of the Company and considers that the Group's risk management and internal control systems for the year ended 31 December 2020 was effective and adequate.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 11 June 2021 (Friday). The notice of the AGM and other relevant documents will be published and despatched to the shareholders of the Company in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from 8 June 2021 (Tuesday) to 11 June 2021 (Friday), both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the AGM, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 7 June 2021 (Monday).

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.ci123.com), and the annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and the Company and despatch to the shareholders of the Company in due course.

By order of the Board
China Parenting Network Holdings Limited
Zhang Lake Mozi
Chairperson

Hong Kong, 31 March 2021

As at the date of this announcement, the executive directors are Mr. Zhang Lake Mozi, Mr. Cheng Li and Mr. Hu Qingyang; the non-executive directors are Mr. Wu Haiming, Ms. Li Juan and Mr. Zhang Haihua; and the independent non-executive directors are Mr. Wu Chak Man, Mr. Zhao Zhen and Mr. Ge Ning.