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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 INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2022

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 unaudited condensed consolidated results of the Group for six months ended 30 June 2022. This announcement, containing the full text of the 2022 interim report of the Company, complies with the relevant requirements of the Rules (the “**Listing Rules**”) Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. This results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.ci123.com). The 2022 interim report of the Company will be despatched to the shareholders of the Company and published on both of the above websites on or before 30 September 2022.

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

Nanjing, the People’s Republic of China, 31 August 2022

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lake Mozi (*Chairperson*)
Mr. Cheng Li
Mr. Hu Qingyang

Non-Executive Directors

Ms. Li Juan
Mr. Wu Haiming
Mr. Zhang Haihua

Independent Non-Executive Directors

Mr. Wu Chak Man
Mr. Zhao Zhen
Mr. Ge Ning

BOARD COMMITTEES

Audit Committee

Mr. Wu Chak Man (*Chairperson*)
Ms. Li Juan
Mr. Ge Ning

Nomination Committee

Mr. Zhang Lake Mozi (*Chairperson*)
Mr. Zhao Zhen
Mr. Ge Ning

Remuneration Committee

Mr. Ge Ning (*Chairperson*)
Mr. Zhao Zhen
Mr. Cheng Li

COMPANY SECRETARY

Mr. Zhang Lake Mozi

AUTHORISED REPRESENTATIVES

Mr. Cheng Li
Mr. Zhang Lake Mozi

AUDITOR

Confucius International CPA Limited

LEGAL ADVISERS TO OUR COMPANY

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PRINCIPAL BANK

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STOCK CODE

1736

COMPANY WEBSITE

www.ci123.com

HIGHLIGHTS

The board (the “Board”) of directors (the “Directors”) of China Parenting Networking Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group” or “we”) is hereby announce the unaudited condensed consolidated interim results of the Group for six months ended 30 June 2022 (the “Period”).

	For the six months ended	
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	33,560	41,911
Gross profit	7,982	10,259
Loss for the Period	(6,223)	(9,411)
Total loss for the Period attributable to:		
Owners of the parent	(5,858)	(9,068)
Non-controlling interests	(365)	(343)

- During the Period, CI Web launched the industry’s first digital collection platform, and released the first collection “Ling Miao Parenting Charm” which can help parents treasure every memorable moment digitally. Building on the “StarO Chain” technology base developed by the Group, the platform provides technical support for digital collections. The entire platform of CI Web is onboarding users into the Metaverse.
- CI Web has fully integrated the matrix membership systems of Mama BBS App, Pregnancy Tracker App, CI Web applet and other products, and unified the membership, in order to provide users with exclusive membership services with higher added value, help users effectively reduce time and economic costs, and assist the new generation of mother-child families to raise children more easily.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the digital economy continued to grow in scale, and innovative technologies such as artificial intelligence, cloud native, cross-platform interconnection, and Metaverse continued to support the digital transformation of various industries. In the post epidemic era, users' reliance on mobile applications has increased, and contactless and remote service applications have been favored. Under the development of innovative technologies, multi-device full-scene wisdom interconnection continues to deepen, virtual and real scenes deep integration, application service boundaries to expand again. In terms of policy, the state has given top priority to the social value of Internet content and services, prompting the Internet service provider side to return to exploring real needs and improving service quality.

In the mother-child industry, although the birth rate has not been optimistic in recent years, rising consumption standards, upgraded parenting philosophy, rapid development of the Internet industry and fertility policies have driven the continued development of the mother-child market. The diverse needs of mother-child consumer groups are obvious, and there is a certain amount of space for growth in each of its market segments. At the same time, the mother-child consumer market with social sharing attributes is gradually diversifying purchase channels, and brands are paying more attention to the full channel layout to precisely reach consumers, shorten the consumption path through the integration of channels, accelerate the conversion of seeds, and enable rapid product feedback for repeated calculations. In the era of inventory, brands pay more attention to marketing based on crowd segmentation, through the private domain layout, in order to achieve the analysis and enhancement of user life cycle value, forming a virtuous circle of brand effect, attracting more consumers to buy and strengthening brand loyalty.

The post-90s and post-95s have become the main force of the mother-child group, closely followed by the post-00s. The Z generation promotes the rise of a new era of consumption, and the pursuit of material consumption is excessive to the pursuit of quality of spiritual consumption over. The mother-child market tends to create young, personalized, professional, convenient and high-tech products and services to capture the Z generation's consumption preferences and gain more consumer traffic and business opportunities.

CI Web and JD Supermarket have compiled and analyzed the postings of 1.07 million mothers in China from online communities of the mother-child and social media, and released the "Report on the Status of Million Chinese Mothers Parenting" to reveal the current status and concerns of Chinese mothers' parenting. According to the report, 50% of mothers said they have too little time to rest and 90% of mothers study the science of pregnancy and parenting every day. The "Research Report on the New "Pregnancy" Trends in Mother-child Consumption" released by CI Web and Youku Parenting shows that 93% of pregnant mothers are willing to take the initiative to spend time every day learning scientific pregnancy and parenting knowledge, and that mother-child platforms are the "base" for pregnant mothers to enrich themselves. The new generation of parents urgently pursuing "scientific parenting", high economic costs and high time costs are the two main pain points of the new generation of mothers and child, the urgent need to "double reduction" to reduce the burden. The mother and child vertical platform is highly recognized among the mother and child crowd for its differentiated, professional and refined content and services, with high user stickiness, user value conversion advantages, and increasingly diverse paid content and services, catering to the fast-paced life of consumers today.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the total volume of data of mobile APPs of the Company (representing the sum volume of data of “Pregnancy Reminder” (孕育提醒) APP and the “Mother Zone (媽媽社區)” APP, two major mobile APPs of CI Web), the MAU and DAU aggregated 16.94 million and 3.81 million respectively as of 30 June 2022, representing an increase of 2.5% and 5.2%, respectively, as compared to those of last year.

During the Period, CI Web has gained insight into the lives of Generation Z parents, capturing their most important moments such as prenatal checkups, birth announcements, postnatal recovery and newborn care. For example, before giving birth, mothers are very much looking forward to the arrival of a good pregnancy and a smooth maternity checkup; when the baby is born, they will compete to announce the arrival of the beast and hope that the baby will have the best appearance; after giving birth, mothers expect their bodies to be as good as before and are especially worried about the baby’s personality, sleep and health. For this reason, CI Web uses the “StarO Chain” as a technical base, its own IP matrix and multiple creators as resources, and premieres the mother and baby digital collection “Lingmiao Yushou”, which sends mothers’ good wishes and prayers for each moment of their birth and raising, and helps mothers permanently treasure good memories. Each “Lingmiao Yushou” will be digitally encrypted and marked on the chain to generate a unique digital certificate, allowing users to obtain a unique, non-tamperable, non-imitable and permanently preserved genuine authorized digital collection. In the future, all forms of digital works such as audio and video, 3D models, and AI avatars will be uploaded to the digital collection platform one after another.

The “activity” channel of CI Web mother community app has been upgraded to the “surprise” channel to provide users with digital collection services. Users can use the points generated by interactive incentives: corn to exchange for digital collections. After obtaining the collection, users can customize the virtual scene by directly enjoying and generating posters. In the future, CI Web will also support more games such as transfer and exchange among users.

During the Period, CI Web launched the concept of “Easy Parenting”, upgraded the product matrix of “Easy Parenting”, integrated the paid services and commodity resources of CI Web, and provided users with value-added services for large members of “Easy Parenting”, helping users effectively reduce time and financial costs, making it easier for new-generation mother and child families to raise children. CI Web takes the massive data accumulated by users, and selects the top five demand scenarios among them, “Easy Parenting Daily”, which provides users with customized ten-minute daily exquisite parenting content, effectively reducing the screening time. The “Easy Parenting Community” provides users with a network of high-quality mother and child experts and a creator program that brings together quality mother and child content producers from all over the Internet for efficient interaction with users, so that pregnancy and parenting are not alone. “Easy Education Encyclopedia”, a systematic and convenient tool, efficient matching and timely solving of doubts, optimizing the content system, introducing artificial intelligence and big data capabilities, upgrading the underlying search engine, allowing users to encounter pregnancy and childbirth problems, and the tools can be searched. “Easy Parenting Consultation” is an emergency consultation for mild cases, doctors and experts provide online services at any time. In the current epidemic prevention and control, the cost of hospital visits is high, and the dense crowds in the hospital will also increase the risk of cross-infection. For some mild or excessive anxiety problems, hundreds of top three doctors can provide users with remote access through this application. Consultation service, which acts as a 24-hour family doctor. “Easy Parenting Selection”, a one-stop shop for mother and child bargains and value-added services such as expert courses and early childhood education courses at the lowest cost, selecting good things for mother and child, selecting high-quality suppliers, and providing users with high-quality, cost-effective authentic products and good products allow the new generation of parents to make the most correct choice in the shortest time, reducing the user’s shopping decision cost and shopping consumption cost.

MANAGEMENT DISCUSSION AND ANALYSIS

Mommy Shop is a new retail system for mother and child invested by CI Web, providing a complete set of digital transformation solutions for small and medium-sized mother and child stores nationwide, including a smart cashier system, inventory management system, CRM, marketing platform, and data platform, helping mother and child stores to digitally reconfigure “people-goods-field” and realize online and offline co-operations. The interconnection reduces the cost of customer acquisition and operation for mother and child stores while improving operational efficiency. The mommy store united quality supply chain channels for the mother and child stores to provide a quality low-cost cloud warehouse platform to help mother and child stores to achieve more business increment without increasing costs. At present, Mommy Shop has covered tens of thousands of mother and child stores in various cities.

FUTURE PROSPECTS

CI Web has always been adhering to the wish of “doing practical things for users and serving more mother and child families”, constantly trying and using emerging technologies, upgrading global products and services, and striving to building a relaxed parenting lifestyle for Chinese mother and child users. Under the general trend of digital transformation of the industry, the product matrix of “Easy Parenting” will also empower mother and child stores, embrace digital marketing, improve operational efficiency, upgrade membership services, and help every user “Easy Parenting” to save time and financial costs efficiently and open up a new mode of easy parenting.

By promoting the digital upgrade of the mother and child industry through the “StarO Chain” platform, CI Web will bring new vitality to the mother and child industry through cross-border cooperation in multiple fields and creating a space for interaction between virtuality and reality. CI Web will help digital technology empower the real economy, create new Metaverse experience scenarios, promote reality with the virtual and strengthen reality with the virtual, and support the development of the mother and child industry with the mother and child Metaverse. In the future, CI Web will integrate more artists, co-branded IPs and other creative resources and interactive games, cooperate with multiple parties to collect the precious moments of the mother and child family life that are worth remembering, and unite with all sectors of society to promote scientific pregnancy and childbirth.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2022 was approximately RMB33.6 million, representing a decrease of approximately 19.81% over approximately RMB41.9 million for the six months ended 30 June 2021, primarily due to the impact of the epidemic in the first half of the year, which resulted in a reduction of budgets invested by our customers.

Cost of sales

The Group's cost of sales for the six months ended 30 June 2022 was approximately RMB25.6 million, representing a decrease of approximately 19.24% over approximately RMB31.7 million for the six months ended 30 June 2021, primarily due to the decrease in orders during the Period, the Group correspondingly reduced the 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 six months ended 30 June 2022 was approximately RMB8.0 million, representing a decrease of approximately 22.33% over approximately RMB10.3 million for the six months ended 30 June 2021. At the same period, the Group's gross profit margin decreased from approximately 24.48% to approximately 23.78%, primarily due to the increase in the proportion of the Group's sales goods business with lower gross profit margin during the Period.

Other income and gains

The Group's other income and gains for the six months ended 30 June 2022 was approximately RMB1.6 million, representing a decrease of approximately 48.39% compared to approximately RMB3.1 million for the six months ended 30 June 2021, primarily due to the decrease in government grants provided by the local government.

Selling and distribution expenses

The Group's selling and distribution expenses for the six months ended 30 June 2022 was approximately RMB5.1 million, representing a decrease of approximately 36.25% over approximately RMB8.0 million for the six months ended 30 June 2021, which was mainly due to the decrease in marketing and promotion expenses.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2022 was approximately RMB4.1 million, representing a decrease of approximately 28.07% over approximately RMB5.7 million for the six months ended 30 June 2021, which was mainly due to the decrease in personnel expenses.

Research and development costs

The Group's research and development ("R&D") cost for the six months ended 30 June 2022 was approximately RMB4.1 million, representing a decrease of approximately 48.75% over approximately RMB8.0 million for the six months ended 30 June 2021, primarily attributable to the decrease in the number of R&D personnel and decrease in technology development inputs.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

The Group's income tax expense for the six months ended 30 June 2022 was approximately RMB0.02 million, representing a decrease of approximately 71.43% over approximately RMB0.07 million for the six months ended 30 June 2021.

Loss for the Period

As a result of the factors described above, the Group's net loss for six months ended 30 June 2022 was approximately RMB6.2 million, representing a decrease of approximately 34.04% over approximately RMB9.4 million for the six months ended 30 June 2021.

Gearing ratio

As at 30 June 2022, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was 21% (31 December 2021: 22%).

Liquidity and capital resources

As at 30 June 2022, the net current assets of the Group was approximately RMB31.9 million (31 December 2021: approximately RMB36.6 million) and the cash and cash equivalents were approximately RMB6.4 million (31 December 2021: approximately RMB27.9 million).

As at 30 June 2022, the bank borrowing of the Group was approximately RMB18.5 million (31 December 2021: approximately RMB22.5 million). The Group's bank borrowings as at 30 June 2022 were denominated in RMB and the loans of RMB18.5 million (31 December 2021: approximately RMB22.5 million) were guaranteed by personal guarantees, details are set out in note 19 of the interim condensed consolidated financial statement.

Capital commitment

As at 30 June 2022, the Group had capital commitment of approximately RMB52.3 million (31 December 2021: RMB52.3 million).

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 Period, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2022, the Group had a total of 110 (30 June 2021: 147) employees including executive Directors. Total staff costs were approximately RMB8.6 million for the Period (30 June 2021: approximately RMB13.8 million).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group (30 June 2021: Nil).

Charges of assets

As at 30 June 2022, the Group did not make any pledged bank deposit (30 June 2021: Nil).

Contingent liabilities

As at 30 June 2022, the Group did not have any significant contingent liabilities (30 June 2021: Nil).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ASSETS

As at 30 June 2022, details of financial assets designated at fair value through other comprehensive income are as follows:

	Name of the relevant company	Proportion of shares held as at 30 June 2022	Investment amount as at 30 June 2022	Fair value of investment as at 30 June 2022 ⁽¹⁾	Proportion of investment in 2022 to the total asset of the Company as at 30 June 2022	Principal Business	Change of fair value of investment comparing with 31 December 2021
1	Nanjing Hongdou Information Technology Company Limited* (南京紅豆信息技術有限公司)	12.30%	RMB15,000,000.00	RMB8,118,000.00	2.85%	H5 games "Her Majesty" (女皇陛下) and "National Palace" (全民宮斗) developed by Hongdou Information successfully launched on Tencent QQ Games and Qzone Gaming Platform.	RMB-6,519,000.00
2	Shanghai Baiyi Animation Cultural Broadcasting Company Limited* (上海百逸動漫文化傳播有限公司)	10.00%	RMB10,000,000.00	RMB0.00	0.00%	Baiyi has its own professional animation team and can develop, produce, and distribute 2D/3D cartoon and peripheral toy products. Sales channels have expanded to all first and second-tier cities in PRC with more than 100 distributors, covering thousands of primary schools and terminal sales outlet.	RMB0.00
3	DEEPFOLIO PTY LTD	18.00%	USD72,542.00	RMB113,000.00	0.04%	Provision of a professional investment solution for artificial intelligence empowerment. Investors can use the most advanced artificial intelligence technologies to develop quantitative investment strategies and manage their own investment.	RMB5,500.00
4	DYNAMIC PIXEL WORKS PTY LTD	18.00%	USD72,563.00	RMB0.00	0.00%	Provide assistance in the animation production process with artificial intelligence technologies in order to make the process easier and faster and significantly reduce the cost of animation production.	RMB0.00
5	DAILY ROBOTICS PTY LTD	18.00%	USD72,532.00	RMB3,500.00	0.001%	Use artificial intelligence technology to identify scenarios and objects with accuracy rate as high as 98% and achieves continuous improvement of accuracy by using machine learning technology under manual intervention, and the provision of API and output technical services for various businesses and industries.	RMB0.00
6	Nanjing Depth Element Artificial Intelligence Technology Development Company Limited* (南京深度元素人工智能技術研發有限公司)	10.00%	RMB5,000,000.00	RMB2,100,000.00	0.74%	Provision of artificial intelligence-based technology: item identification, human body identification, path recognition, behavior recognition; and the provision of analysis services based on the above identification technologies: crowd analysis, business analysis, personalized recommendation and marketing, intelligent shopping guide.	RMB-700,000.00

MANAGEMENT DISCUSSION AND ANALYSIS

	Name of the relevant company	Proportion of shares held as at 30 June 2022	Investment amount as at 30 June 2022	Fair value of investment as at 30 June 2022 ⁽¹⁾	Proportion of investment in 2022 to the total asset of the Company as at 30 June 2022	Principal Business	Change of fair value of investment comparing with 31 December 2021
7	Nanjing Shenkong Vision Artificial Intelligence Technology Development Company Limited* (南京深空視線人工智能技術研發有限公司)	17.20%	RMB10,000,000.00	RMB9,976,000.00	3.51%	Provision of auto-cruise, path planning and other functions for robots with the use of self-developed vSLAM system combined with artificial intelligence technology; and human tracking and educational interaction with natural language understanding with the use of monocular camera.	RMB-2,236,000.00
8	Nanjing Zhiren Cloud Information Technology Company Limited* (南京智人雲信息技術有限公司)	17.20%	RMB10,000,000.00	RMB688,000.00	0.24%	Principal activities are the provision of container cloud management platform, artificial intelligence cloud platform, public cloud and private cloud services based on microservices.	RMB-3,096,000.00
9	Nanjing Free Chain Information Technology Company Limited* (南京自由鏈信息技術有限公司)	17.20%	RMB10,000,000.00	RMB7,052,000.00	2.48%	Establishment of interconnections between internet devices in different regions with its unique solutions, construction of decentralized transmission network to achieve independent collaboration and the expansion of business scale. Such kind of internet is not subject to the limitation of computing power and storage, thus empowers the internet with strong expansion capabilities to achieve true decentralization, openness, self-motivation, privacy and security.	RMB-2,236,000.00
10	Nanjing Luobo Information Technology Company Limited* (南京蘿播信息技術有限公司)	15.00%	RMB12,000,000.00	RMB8,850,000.00	3.11%	Provision of educational, marketing and social services to its customers across the network for baby-children businesses through the distribution of audio and video contents and the management capabilities of the communities, effectively expanding and making up for the service capabilities of major customers of CI Web under the pan-network conditions.	RMB-1,350,000.00
11	Nanjing Suichuang Xiupu Information Technology Company Limited* (南京速創秀普信息技術有限公司)	10.00%	RMB10,000,000.00	RMB2,700,000.00	0.95%	Provision of micro-service cloud application platform, which is a one-stop PaaS platform service designed for mother-child enterprises, providing application cloud hosting solutions to assist enterprises simplify application lifecycle management such as deployment, control, operation and maintenance; and the provision of micro-service framework, compatible mainstream open source ecosystem, specific development framework and platform without binding. Suichuang Xiupu is able to assist the small and medium-sized mother-child enterprises that are connected to CI Web to quickly establish distributed applications based on micro-service structure.	RMB-1,000,000.00

MANAGEMENT DISCUSSION AND ANALYSIS

	Name of the relevant company	Proportion of shares held as at 30 June 2022	Investment amount as at 30 June 2022	Fair value of investment as at 30 June 2022 ⁽¹⁾	Proportion of investment in 2022 to the total asset of the Company as at 30 June 2022	Principal Business	Change of fair value of investment comparing with 31 December 2021
12	Nanjing Xinmenghui Education Technology Company Limited* (南京芯萌匯教育科技 有限公司)	10.00%	RMB5,000,000.00	RMB1,100,000.00	0.39%	Leading service provider for online baby and children education. It provides interactive learning systems and contents to families with babies and children through a combination of unique contents, technology and system, effectively extending the online educational service capabilities of CI Web to those families.	RMB-700,000.00
13	Guangzhou Muyun Electronic Commerce Co., Ltd.* (廣州沐雲電子商務 有限公司)	16.00%	RMB4,000,000.00	RMB4,000,000.00	1.41%	Provision of services relating to quickly set up a foreign trade independent website of global sales for vendors and offer technical support for corporate and individual online shop and operators and integrated solutions from website building to management and operation. The business is also divided into B2C cross-border e-commerce independent station and B2B export trade independent station.	RMB160,000.00
14	Guangzhou Baxianguo Hai Information Technology Co., Ltd.* (廣州八仙過海 信息科技有限公司)	18.00%	RMB5,000,000.00	RMB4,500,000.00	1.58%	Establishment of an omnichannel marketing and ordering platform for enterprises. This platform helps enterprises to develop collaboration between upstream and downstream business and make real-time data decision in six aspects of order management, inventory management, fund settlement, customer operations, business reporting and procurement management.	RMB-720,000.00
15	Nanjing Xianju Information Technology Co., Ltd.* (南京先巨信息技術 有限公司)	14.85%	RMB10,000,000.00	RMB6,682,500.00	2.35%	Provision of hospital management system platform in four aspects: hospital information and management open platform, mobile clinic, intelligent monitoring module and chronic disease management module. This platform provides all-round medical care from patient admission to discharge; from hospital diagnosis to home monitoring; from computer to mobile terminal; and from infant health monitoring to smart retirement.	RMB-1,782,000.00
16	Nanjing Youchao Information Technology Co., Ltd.* (南京優潮信息技術 有限公司)	19.00%	RMB7,000,000.00	RMB5,130,000.00	1.80%	Provision of enterprise online education platform which focuses on the training of product managers. The business is divided into three aspects: enterprise orientation training, internal enterprise staff training and vocational skill training. A number of well-known internet enterprise product directors acted as lecturers. Using platform technology, users can take online open classes and participate one-on-one tutoring after school so as to achieve offline practical training, internet project practice and innovative teaching processes with internships in famous enterprises.	RMB-1,140,000.00

MANAGEMENT DISCUSSION AND ANALYSIS

				Proportion of investment in 2022 to the total asset of the Company as at 30 June 2022	Principal Business	Change of fair value of investment comparing with 31 December 2021
Name of the relevant company	Proportion of shares held as at 30 June 2022	Investment amount as at 30 June 2022	Fair value of investment as at 30 June 2022 ⁽¹⁾			
17 Nanjing Liqi Lishi Information Technology Co., Ltd.* (南京立啟信息技術有限公司)	17.00%	RMB6,000,000.00	RMB4,760,000.00	1.67%	Provision of integrated platform system for digital currency exchanges based on block chain technology. This system provides services of issuance, management and trading of digital currencies. On the basis of fully supporting the Bitcoin trading system, this system further improves its digital currency trading mechanism with block chain query and management functions and continuously optimizes its core functions and increases the comprehensive functional advantages of the product by enhancing of security protection level, leveraged financial transaction system and platform promotion and operation mechanism.	RMB-1,020,000.00
18 Nanjing Qianguang Information Technology Co., Ltd.* (南京千光信息技術有限公司)	17.20%	RMB10,000,000.00	RMB12,384,000.00	4.35%	Provision of user-centered system for enterprise intelligence marketing. Based on seven business modules of social business strategy, social experience management, social branding and traffic management, social sales promotion, loyalty operations management, social product innovation and social advertising services, a one-stop platform for enterprise mobile marketing is established to create a rich, open and intelligent mobile marketing ecosystem.	RMB-2,064,000.00
19 Nanjing Yuanhui Information Technology Co., Ltd.* (南京遠匯信息技術有限公司)	17.20%	RMB10,000,000.00	RMB7,052,000.00	2.48%	Provision of software development tool system based on artificial intelligence technology. For those who are not capable of programming, this system can help them to develop internet products easily through PC client, development tool website and mobile APP mode.	RMB-1,548,000.00
20 Nanjing Youke Workshop Information Technology Co., Ltd.* (南京優客工坊信息技術有限公司)	17.20%	RMB10,000,000.00	RMB12,728,000.00	4.47%	Provision of knowledge sharing platform. This platform provides computer-related professional and technical knowledge for corporate employees and individual members and provides users with mutual learning modules, so that everyone can be a teacher. Members who obtained platform instructor certification can also organize courses to earn commissions.	RMB-1,892,000.00

MANAGEMENT DISCUSSION AND ANALYSIS

	Name of the relevant company	Proportion of shares held as at 30 June 2022	Investment amount as at 30 June 2022	Fair value of investment as at 30 June 2022 ⁽¹⁾	Proportion of investment in 2022 to the total asset of the Company as at 30 June 2022	Principal Business	Change of fair value of investment comparing with 31 December 2021
21	Nanjing Mengmiao Education Technology Co., Ltd.* (南京萌苗教育科技有限公司)	18.00%	RMB8,000,000.00	RMB13,680,000.00	4.81%	Provision of IM system with complete solution customized for internet education industry. Products are in line with the education industry, suitable for practical educational scenarios, and truly meet the needs of the teachers. In the form of PAAS+SAAS service, the product itself serves as a platform to provide SDK for third parties. At the same time, it also provides services for different users to develop different functions based on its own platform.	RMB-2,340,000.00
22	Nanjing Suyun Xiupu Information Technology Co., Ltd.* (南京速雲秀普信息科技有限公司)	9.46%	RMB3,000,000.00	RMB4,919,200.00	1.73%	Development of a CRM system for training institutions. This system also applies its self-developed face recognition technology to specific CRM scenarios, achieving an innovative combination of "Face Recognition + Education CRM System".	RMB-1,040,600.00
23	Nanjing Duomai Information Technology Company Limited* (南京多麥信息科技有限公司)	18.08%	RMB16,000,000.00	RMB11,752,000.00	4.13%	A service company for mother-child businesses. It provides assistance for privatized customer assets during the Internet era, expanding the Internet customer base and improving operational efficiency through its products and services. In particular, through the provision of integrated solutions such as micromalls, new retailing and mini programs, it provides assistance for the transformation and upgrade towards smart business for small and medium-sized mother-child enterprises, thus helping those enterprises achieve smart business with technology-driven business innovation. Duomai Information is able to expand CI Web's online and offline retailing channels for large business (大B) customers effectively, therefore playing an important role in securing the CI Web's existing business customer base.	RMB180,800.00
24	Nanjing Yunqulu Network Technology Company Limited* (南京雲曲率網絡科技有限公司)	17.20%	RMB10,000,000.00	RMB6,192,000.00	2.18%	A leading mother-child business incubator company with branches in Australia and the United States. Its core role is to provide effective incubator services for startup mother-child enterprises on the CI Web. Similar to the innovative factory in the mother-child industry, Yunqulu provides angel funding, technical support and staff training for the startup mother-child enterprises.	RMB-860,000.00

MANAGEMENT DISCUSSION AND ANALYSIS

				Proportion of investment in 2022 to the total asset of the Company as at 30 June 2022	Principal Business	Change of fair value of investment comparing with 31 December 2021
Name of the relevant company	Proportion of shares held as at 30 June 2022	Investment amount as at 30 June 2022	Fair value of investment as at 30 June 2022 ⁽¹⁾			
25 Nanjing Baicheng Medical Technology Company Limited* (南京柏橙醫療 科技有限公司)	17.20%	RMB16,000,000.00	RMB3,956,000.00	1.39%	Provision of one-stop integrated information system construction for hospitals, and the construction of end-to-end medical service platform covering pre-diagnosis, in-diagnosis and post-diagnosis stages. Having leading system capabilities and product advantages in cloud-based family medical and smart medical areas, Baicheng Medical is able to assist CI Web to better connect and serve the mother-child families through the internet.	RMB-1,376,000.00
26 Nanjing Jufeng Engine Information Technology Company Limited* (南京颶風引擎信息技術 有限公司)	18.10%	RMB13,000,000.00	RMB12,488,400.00	4.39%	Nanjing Jufeng Engine provides a high performance, high efficiency, drag-and-drop zero-code application development ecosystem based on cloud native.	RMB-3,076,900.00
27 Nanjing Duoan Health Technology Company Limited* (南京多贊健康 科技有限公司)	17.07%	RMB13,000,000.00	RMB6,828,000.00	2.40%	Committed to establish the best healthy pregnancy management and knowledge service platform in China. It provides the best paid knowledge and online medical services to Chinese families, enabling the provision of paid knowledge and medical services to more families by the national obstetricians and pediatricians with the removal of institutional constraints.	RMB-1,194,900.00
28 Shanghai Shijiu Information Technology Co., Ltd.* (上海視九信息科技有限公司)	0.82%	RMB650,000.00	RMB516,600.00	0.18%	Provision of system integration, application development and operation services for devices such as smart TV set-top boxes based on its leading browser technologies such as HTML5.	RMB24,600.00
29 Shanghai Beijia Network Technology Co., Ltd.* (上海蓓嘉網絡科技有限公司)	5.00%	RMB2,500,000.00	RMB0.00	0.00%	The company cooperated with a number of maternal and child service platforms including ci123.com to launch a maternal and child alliance (W+Club), aiming to provide one-stop knowledge, services, protection and welfare required for childcare.	RMB0.00

Notes:

- (1) Further details of the fair value measurement of the Group are set out in note 24 of the interim condensed consolidated financial statements. As at the date of this report, the Company has not received any interest distribution for the six months ended 30 June 2022.
- (2) During the Period, the Company has not sold any financial assets.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the details of financial assets at fair value through profit or loss and the details of significant investment with a carrying value more than 5% of the total assets of the Group are as follow:

Name of the relevant company	Proportion of shares held as at 30 June 2022	Investment amount as at 30 June 2022	Fair value of investment as at 30 June 2022	Proportion of investment in 2022 to the total asset of the Company as at 30 June 2022	Principal Business	Unrealised gain/(loss) on change in fair value for the six months ended 30 June 2022	Realised gain/(loss) for the six months ended 30 June 2022	Dividend income for the six months ended 30 June 2022
CCLOUD TECH LIMITED	17.60%	HK\$50,000,000.00	RMB40,169,600.00	14.12%	Technology development and operation combining block chain technology with the entity economy and the provision of cross-border consumer service platform, cross-border global education platform, cross-border new retail business platform, block chain information service and technology trading platform, high-speed and cross-chain trading system based on intelligence contracts, system testing for block chain security system and block chain service platform.	RMB350,000.00	-	-

The Company continued to track and monitor its investments and conduct third-party professional evaluation. As most of the Company's investments are emerging market growth companies, some of the entities which the Company invested are in the stage of research and development. The Company considers its investment management in the following aspects:

- effective output from the application of the industrial chain, including technological output;
- operating condition, including the achievement of business objectives, standardization of the corporate governance structure, and the stability of core talents; and
- judgment on the future growth prospects of the industry it located and technology market.

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, and more enterprises will require digital transformation solutions. Upon the Company's evaluation, the overall investment of the Group in the first half of 2022 is in line with our strategic planning direction.

MANAGEMENT DISCUSSION AND ANALYSIS

LOANS TO OTHER ENTITIES

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

Details of loans to other entities as at 30 June 2022 are set out below:

	Name of the relevant company	Borrowing made to the relevant company as at 30 June 2022	Annual interest rate as at 30 June 2022	Term of loan	Investment Guarantee as at 30 June 2022	Exercise of the priority right of the investment shares	Fair value of Investment as at 30 June 2022	Proportion of investment to the total asset of the Company as at 30 June 2022	Principal Business	Accumulated interest income for the six months ended 30 June 2022
1	Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司)	RMB12,000,000.00	6%	36 months	Guaranteed by an A share listed company	No	RMB11,734,400.00	4.12%	A major platform for parent-child consumption.	RMB3,240,000.00
2	Beijing Hongwei Technology Company Limited* (北京宏偉科技有限公司)	RMB4,000,000.00	8%	24 months	N/A	No	RMB4,232,500.00	1.49%	Providing equipment support to medical institution and developing online platform for health consultation.	RMB1,496,986.30

	Name of the relevant person	Borrowing made to the relevant person as at 30 June 2022	Term of loan	Investment Guarantee as at 30 June 2022	Carrying value of investment as at 30 June 2022	Proportion of investment to the total asset of the Company as at 30 June 2022	Accumulated interest income for the six months ended 30 June 2022
1	顧能國	RMB326,000.00	42 months	N/A	RMB299,228.5	0.11%	RMB0.00
2	王洪賓	RMB130,800.00	18 months	N/A	RMB120,058.55	0.04%	RMB0.00
3	馬彥杰	RMB76,000.00	18 months	N/A	RMB69,758.79	0.02%	RMB0.00
4	張煒能	RMB47,200.00	18 months	N/A	RMB43,323.88	0.02%	RMB0.00

In 2020, the Company entered into the Loan Contract with Shenzhen Feishikang Technology Company Limited (hereinafter referred to as "Shenzhen Feishikang"), under which the Group provided a loan of RMB1 million to Shenzhen Feishikang with an interest rate of 6% per annum, and the debt was guaranteed by 7 shareholders of Shenzhen Feishikang according to their shareholding ratio. In 2021, the Group entered into the Repayment Agreement with 7 shareholders of Shenzhen Feishikang, which provides for the repayment of the principal and interest of RMB1.06 million of the loan debt payable by Shenzhen Feishikang to the Company by the 7 shareholders in accordance with the guarantee ratio within five years. As at 30 June 2022, the Group has received repayment of RMB480,000. Three of the shareholders paid off their responsible part of the loan. Details of the pending repayment of RMB580,000 are noted as above.

MANAGEMENT DISCUSSION AND ANALYSIS

CONVERTIBLE NOTES ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

On 9 February 2021 and 15 February 2021, the Company entered into subscription agreements and supplemental agreements with Ellwood International Ltd and nine other subscribers (being individual professional investors or companies ultimately owned by professional investors) (the "Investors"), pursuant to which the Company conditionally agreed to issue and Ellwood International Ltd and the other subscribers conditionally agreed to subscribe for convertible notes in an aggregate principal amount not exceeding HK\$35,000,000 (the "Convertible Notes") at an initial conversion price of HK\$0.24 per convertible share. The Company entered into an amendment and restatement deed dated 30 March 2022 (the "Amendment and Restatement Deed") with the Investors to extend the maturity date of the Convertible Notes to 30 April 2023 and the initial conversion price amended to HK\$0.095 per convertible share with principal amount reduced to HK\$14.5 million after partial repayment of the outstanding principal amount of the Convertible Notes, subject to and effective from fulfilment of conditions precedent and conditions subsequent in the Amendment and Restatement Deed. For details of the proposed amendment, please refer to the announcement of the Company dated 30 March 2022.

The maturity date of the Convertible Notes is 30 April 2023. Assuming the full exercise of the Convertible Notes, the Company will allot and issue up to 152,631,579 conversion shares based on the conversion price of HK\$0.095 and the general mandate granted to the Directors at the annual general meeting held on 11 June 2021 is sufficient for the allotment and issue of such conversion shares.

As of 31 December 2021, all of the proceeds had been fully used for business expansion and investment in China and Southeast Asia 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

INVESTMENT OBJECTIVES AND POLICIES

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, finance and entertainment by way of investment and strategic cooperation, 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.

As for its investment strategy, in line with its principal business and for its future business development, the Company targets on investments in entities which are principally engaged in CBM and family related business chain and related technology research and development. The Company has adopted investment policies which it will take into account when making its investment decisions. In general, the Company prefers long-term investments as opposed to short-term ones and usually invests in targeted entities for more than one year. For the Company's mode of investment, the Company may adopt equity investments through acquisition of shareholdings in the targeted entities or loan financings by providing facilities to the targeted entities depending on, among others, potential rate of return which generally shall be not less than 6% per annum or the prevailing one-year fixed deposit interest rate published by the People's Bank of China (whichever is higher), strategic cooperation with the invested entities of the company, negotiation with the counterparties as well as compliance with legal and regulatory requirements. In order to reduce its participation in the operation and management of its investments so as to focus on its existing business, the Company generally does not invest in more than 20% shareholding in the targeted entities.

In addition to financial returns, the Directors expect that the investments will create synergies to the Group's business in terms of upgrade in technologies, enrichment of contents as well as expansion of coverage of value-added services which in turn result in enhancement of operational efficiency, user experience and user base. Depending on the business natures of the invested companies, the Group usually requires the invested companies to share their relevant technologies to offer selected contents such as games, animations and audio and video contents of them for the Platform, to share user data and network for promotion of the Group's APPs, and to support the Group's provision of value-added services to its users. The Group has a certain scale of investment activities. Failure to promptly and effectively manage investment risks may affect realization of investment strategies. The risk resulting from adverse movements in industry market could also impact the Group's investment.

The Group has formed an investment team (the "team"). The team's member consisted of the Group's chief executive officer, chief financial officer, marketing director, technical director and operation director who are experienced in the Internet industry. The team has been continuously paying attention to the market influence and technological development of the investment areas related to the CBM business chain. The Group continuously monitor the status of business development and financial exposure of investees and conducts regular assessments. The Group also strictly requires the invested entities to use the proceeds of the Group's investments for the sole purpose of the planned business development projects as agreed by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Company's net proceeds from the placing amounted to approximately HK\$276.4 million (the "net proceeds") after taking into account the partial exercise of the over-allotment option in connection with the listing. As at 30 June 2022, the Group had utilised approximately HK\$270.8 million of the net proceeds. The unutilised net proceeds in the amount of approximately HK\$5.6 million has been deposited in banks.

Details of the original allocation of net proceeds set out in the prospectus and the revised allocation of net proceeds of the Company as at the date of this report as follows:

Use of Net Proceeds	Original Allocation HK\$ million	Revised Allocation as at 26 February 2016 HK\$ million	Revised Allocation as at 15 December 2017 HK\$ million	Revised Allocation as at 2 May 2018 HK\$ million	Revised Allocation as at 3 July 2018 HK\$ million	Revised Allocation as at 11 November 2021 HK\$ million	Utilized Amount as at 30 June 2022 HK\$ million	Unutilized Amount as at 30 June 2022 HK\$ million	Expected timetable for the utilization of the remaining net proceeds
Strengthening research and development capabilities	55.3	52.8	52.8	44.8	–	–	–	–	–
Enhancing the user base and Internet traffic of our Platform	55.3	49.6	49.6	49.6	–	–	–	–	–
Developing our e-commerce business and related O2O business	55.3	44.9	44.9	–	–	–	–	–	–
Acquisition of or investment in other companies engaging in O2O and CBM related businesses	55.3	19.3	19.3	–	–	–	–	–	–
Enhancing marketing and promotional services	27.6	24.9	24.9	24.9	24.9	24.9	24.9	–	–
Working capital and other general corporate purposes	27.6	24.9	24.9	24.9	24.9	24.9	24.9	–	–
Providing loan facilities	–	60.0	–	–	–	–	–	–	–
Acquisition of property or land for the construction of the Company headquarters	–	–	60.0	60.0	60.0	18.6	18.6	–	–
Acquisition of or investment in companies engaging in CBM and family related business chains and companies engaging in related technology research and development	–	–	–	72.2	166.6	166.6	166.6	–	–
Expansion of e-commerce business in the PRC	–	–	–	–	–	41.4	35.8	5.6	by the end of 2022
Total	276.4	276.4	276.4	276.4	276.4	276.4	270.8	5.6	–

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2022, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules are as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Ms. Li Juan ⁽¹⁾	Interest in a controlled corporation	266,953,022	
	Interest of concert party	120,000,000	
	Total:	386,953,022	37.73%
Mr. Wu Haiming ⁽¹⁾	Interest of spouse	386,953,022	37.73%
Mr. Cheng Li ⁽²⁾	Interest in a controlled corporation	120,000,000	
	Interest of concert party	266,953,022	
	Total:	386,953,022	37.73%

Notes:

- (1) Each of Loyal Alliance Management Limited ("Loyal Alliance") and Prime Wish Holdings Limited ("Prime Wish") is wholly owned by Ms. Li Juan, who is therefore deemed to be interested in all the shares held by each of Loyal Alliance and Prime Wish. Ms. Li Juan and Mr. Cheng Li entered into an acting in concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other. Mr. Wu Haiming, a non-executive Director, is the spouse of Ms. Li Juan, and therefore is deemed to be interested in the interests of Ms. Li Juan.
- (2) Victory Glory Holdings Limited ("Victory Glory") is directly and wholly owned by Mr. Cheng Li, who is therefore deemed to be interested in all the shares held by Victory Glory. Ms. Li Juan and Mr. Cheng Li entered into an acting in concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP (LONG POSITIONS)

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

Notes:

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

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

Save as disclosed above, as at 30 June 2022, none of the Directors nor chief executive of the Company held an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

So far as the Directors are aware, as at 30 June 2022, the following persons (not being Directors or chief executive of the Company) have or be deemed or taken to have interests and/or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Loyal Alliance ⁽¹⁾	Beneficial owner	147,351,410	14.37%
Prime Wish ⁽¹⁾	Beneficial owner	119,601,612	11.66%
Victory Glory ⁽²⁾	Beneficial owner	120,000,000	11.70%
Properous Commitment ⁽³⁾	Beneficial owner	51,600,000	5.03%
TMF Trust (HK) Limited ⁽³⁾	Trustee	51,600,000	5.03%

Notes:

(1) Each of Loyal Alliance and Prime Wish is directly and wholly owned by Ms. Li Juan.

(2) Victory Glory is directly and wholly owned by Mr. Cheng Li.

(3) Properous Commitment is directly held by TMF Trust (HK) Limited, a professional trustee engaged by the Company for the operation of the Share Award Plan.

Save as disclosed above, as at 30 June 2022, no person, other than the Directors and chief executive of the Company whose interests and short positions are set out in the section headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 June 2015 (the “Share Option Scheme”) for the purpose of providing incentive or rewarding eligible persons (including the Directors or employees (whether full time or part time), consultants or advisors of our Group) for their contribution to, and continuing efforts to promote the interests of our Group and for such other purposes as the Board may approve from time to time. No share option has been granted under the Share Option Scheme since its adoption by the Company.

The Share Option Scheme became effective on the date of the Company’s listing (8 July 2015) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 100,000,000 shares, representing 10% of the shares of the Company in issue as at the date of listing of the Company’s shares on GEM (i.e. 8 July 2015) and approximately 9.75% of the shares of the Company in issue as at the date of this report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting. A grant of share options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, are subject to Shareholders’ approval in advance at a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company’s shares on the date of offer of the share options, which must be a date on which the Hong Kong Stock Exchange is open for business of dealing in securities; (ii) the average Hong Kong Stock Exchange closing price of the Company’s shares for the five trading days immediately before the date of offer; and (iii) the nominal value of the Company’s shares as at the date of offer.

No share options were granted from the date of adoption up to 30 June 2022. Therefore, no share options were outstanding under the Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, as at 30 June 2022, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code regarding Directors' dealings in the Company's securities. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code during the Period.

NON-COMPETITION UNDERTAKINGS

The controlling shareholders of the Company, namely Ms. Li Juan, Mr. Cheng Li, Mr. Wu Haiming, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited (the "Controlling Shareholders") have entered into a deed of non-competition (the "Deed of Non-competition") on 19 June 2015. Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus and the non-competition undertaking has become effective from the date of listing. So far as the Directors are aware, as at the date of this report, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.

SHARE AWARD PLAN

The Board has adopted a share award plan (the "Plan") on 6 July 2016 so as to recognize and appreciate the contribution of any qualified employees towards the growth and development of the Group. The entire issued share capital of Properous Commitment Holdings Limited ("Properous Commitment") which in turn holds 51,600,000 of the Shares of the Company, is directly held by TMF Trust (HK) Limited which is a professional trustee. The trustee holds on trust the award Shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award Shares are vested in the relevant selected employees in accordance with this Plan. For details of the Plan, please refer to the announcements of the Company dated 7 July 2016 and 14 July 2016. To the best knowledge of the Directors, as at the date of this report, both Properous Commitment and TMF Trust (HK) Limited have complied with the terms of the trust deed.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND LAWS AND REGULATIONS

The Group's primary business is considered to be value-added telecommunications service, a sector where foreign investment is subject to significant restrictions under the current PRC laws and regulations. Accordingly, with the restriction of the current PRC laws and regulations and the implementation of local competent authorities, the Company cannot acquire Nanjing Xihui and Nanjing Xinchuang, which hold certain licenses and permits required for our primary business. As a result, the Group entered into a series of contractual arrangement with Nanjing Xihui and Nanjing Xinchuang and their respective registered shareholders (the "Structural Contract") in order to conduct the said business, and to assert management control over the operations of and enjoy the economic benefits derived from Nanjing Xihui and Nanjing Xinchuang. For details of the Contractual Arrangement, please refer to the section headed "Contractual Arrangement" of the 2021 Annual Report.

In addition, under the current PRC laws and regulations, a foreign investor intending to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good track record and possess operating experience in providing value-added telecommunications services overseas ("Qualification Requirements").

So far as the Directors are aware, as at the date of this report, the Company has taken all reasonable steps to ensure that such Qualification Requirements are met if and when the PRC laws and competent authorities substantially allow foreign investors to invest in value-added telecommunications services in the PRC. The Company will continue to communicate with the relevant governmental authorities and provide updates where necessary.

Due to the nature of our business, the Company is significantly affected by PRC laws and regulations, including laws and regulations of telecommunications services, those relevant to advertising service, information security and privacy protection as well as intellectual property rights. As far as the Directors are aware, the Company had no material breach of any relevant laws and regulations as at 30 June 2021. The Company reduced its potential legal risk through different management and monitoring systems, such as regular review of the effectiveness of internal control system, defined duty division and provided training to employees and management related to such laws and regulations and recruit legal adviser as professional consultant.

COMPETING INTERESTS

So far as the Directors are aware, as at the date of this report, none of the Directors or the Controlling Shareholders and their respective close associates has any interests in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the Audit Committee are to review the Company's annual reports and accounts and interim reports, the financial reporting, risk management and internal control systems of the Group and to provide advice to the Board. The Audit Committee consists of two independent non-executive Directors, namely Mr. Wu Chak Man (chairman of the Audit Committee) and Mr. Ge Ning, and one non-executive Director, namely Ms. Li Juan. The Audit Committee has reviewed the unaudited interim results and interim report of the Group for the Period. The interim condensed consolidated financial statements for the Period have not been audited.

CORPORATE GOVERNANCE AND OTHER INFORMATION

RISKS AND UNCERTAINTIES

Our Group believes that there are certain risks and uncertainties in our operations, some of which are beyond the Group's control, including:

- (i) The Group is unable to guarantee that the Contractual Arrangement with the PRC Contractual Entities will be deemed by the relevant governmental and judicial authorities to be in compliance with existing PRC laws and regulations or that it will comply with future PRC laws and regulations, including but not limited to the new draft of the Foreign Investment Law of PRC (中華人民共和國外國投資法).

Our Directors have already formulated monitoring measures and examine the risk evaluation and report regularly, the details of which are set out in the Contractual Arrangement.

- (ii) The revenue of the Group relies significantly on the marketing and promotional services provided and new businesses may not be successfully developed and introduced going forward.

Since the operational environment in the Internet industry has never-ending changes and improvements, we believe we should timely keep track of the industry, market and customer demands development to review our business strategies. We jointly make investigation and assessment with industry experts and partners in addition to monitoring the market and industry by ourselves.

We optimize our sales and promotion models constantly through innovation to satisfy the demand of existing customers and explore new customers at the same time.

The Group will develop diversified business actively to anticipate comprehensive income. We will continue to propel industry chain cooperation and upgrade strategies, exploit more demands from mother-child households and formulate project management system to explore high-quality and suitable cooperation projects.

Research and development of technology is our significant support in business development. We have management system in place for technological research and development, so as to facilitate effective business development through technology.

- (iii) The Company's investment scale is expanding which results in the failure to carry out timely and effective management may affect realization of investment expectations.

The Company pays close attention to investment risks and has established an investment team to make recommendations on investment matters. Our financial department, legal advisers and technical team are responsible for the follow-up of post-investment management so as to continuously monitor the status of business development and financial risks of investees. The Company has established an investment management system to implement relevant risk management and internal control measures. The Company also obtains relevant professional experience and knowledge by consulting external experts. Due to the uncertainties of the epidemic, the Group will continue to monitor the development of the epidemic, evaluate its impact, respond in an active manner and make timely disclosures.

- (iv) At the date of this report, the Group expects the COVID-19 will continue to affect part our clients. Due to the uncertainties of the epidemic, it is difficult to estimate its influence in the future. The Group will continue to monitor the development of the epidemic, evaluate its impact, respond in an active manner and make timely disclosures.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. To the best knowledge of the Directors, the Company had complied with all the code provisions as set out in the CG Code during the Period.

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

Nanjing, the PRC, 31 August 2022

As at the date of this report, the executive directors of the Company 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 of the Company are Mr. Wu Chak Man, Mr. Zhao Zhen and Mr. Ge Ning.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022 (Expressed in thousands of Renminbi)

The board of directors (the "Board") of China Parenting Network Holdings Limited (the "Company") submit herewith the unaudited interim report of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2022 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

		For the six months ended 30 June	
	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue	3	33,560	41,911
Cost of sales		(25,578)	(31,652)
Gross profit		7,982	10,259
Other income and gains	4	1,639	3,083
Selling and distribution expenses		(5,149)	(8,041)
Administrative expenses		(4,108)	(5,710)
Research and development costs	5	(4,109)	(8,003)
Reversal of (impairment loss) on financial and contract asset, net	5	123	(440)
Fair value changes of financial assets at fair value through profit or loss ("FVTPL")	5	(1,341)	789
Other expenses		(1)	(51)
Gain on modification of convertible notes	20	801	–
Finance costs	6	(2,036)	(1,225)
Loss before tax	5	(6,199)	(9,339)
Income tax expense	7	(24)	(72)
Loss for the period		(6,223)	(9,411)
Loss attributable to:			
Owners of the Company		(5,858)	(9,068)
Non-controlling interests		(365)	(343)
		(6,223)	(9,411)
		RMB cents	RMB cents
Loss per share attributable to owners of the Company			
Basic and diluted	9	(0.57)	(0.88)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022 (Expressed in thousands of Renminbi)

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Loss for the period	(6,223)	(9,411)
Other comprehensive (expense) 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 ("FVTOCI"):		
Change in fair value	(37,527)	(10,859)
Tax effect	–	425
	(37,527)	(10,434)
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,427	(481)
Other comprehensive expense for the period, net of tax	(36,100)	(10,915)
Total comprehensive expense for the period	(42,323)	(20,326)
Total comprehensive expense for the period attributable to:		
Owners of the Company	(41,958)	(19,983)
Non-controlling interests	(365)	(343)
	(42,323)	(20,326)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Expressed in thousands of Renminbi)

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	10	8,001	8,002
Right-of-use assets		7,515	8,479
Long-term receivables	11	2,720	2,917
Deposit for property, plant and equipment		2,712	2,712
Other financial assets	12	174,236	211,149
		195,184	233,259
Current assets			
Inventories		22	1,465
Trade and bills receivables	13	14,534	15,620
Contract assets	14	5,214	7,266
Prepayments, deposits and other receivables	15	23,068	20,112
Other financial assets	12	40,170	39,820
Cash and cash equivalents	16	6,356	27,851
		89,364	112,134
Current liabilities			
Trade payables	17	437	1,745
Contract liabilities		642	600
Other payables and accruals	18	13,306	16,695
Other borrowing		4,756	–
Lease liabilities		1,465	1,755
Interest-bearing bank borrowings	19	18,500	22,500
Convertible notes	20	12,497	26,378
Tax payable		5,868	5,868
		57,471	75,541
Net current assets		31,893	36,593
Total assets less current liabilities		227,077	269,852

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Expressed in thousands of Renminbi)

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Non-current liabilities		
Lease liabilities	1,164	1,616
NET ASSETS	225,913	268,236
Equity		
Equity attributable to owners of the Company		
Share capital	8,090	8,090
Reserves	218,424	260,382
	226,514	268,472
Non-controlling interests	(601)	(236)
TOTAL EQUITY	225,913	268,236

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 (Expressed in thousands of Renminbi)

	Attributable to owners of the Company										Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Reserve funds* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Fair value reserve* RMB'000	Convertible notes equity reserve* RMB'000	Retained profits* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	
At 1 January 2022 (audited)	8,090	224,688	20,310	16,842	17,941	(31,637)	1,502	10,736	268,472	(236)	268,236
Loss for the period	-	-	-	-	-	-	-	(5,858)	(5,858)	(365)	(6,223)
Other comprehensive (expense) income for the period:											
Exchange differences related to foreign operations	-	-	-	-	1,427	-	-	-	1,427	-	1,427
Change in fair value of financial assets designated at FVTOCI, net of tax	-	-	-	-	-	(37,527)	-	-	(37,527)	-	(37,527)
Total comprehensive (expense) income for the period	-	-	-	-	1,427	(37,527)	-	(5,858)	(41,958)	(365)	(42,323)
Modification of convertible notes	-	-	-	-	-	-	(459)	459	-	-	-
Lapse of convertible notes	-	-	-	-	-	-	(821)	821	-	-	-
At 30 June 2022 (unaudited)	8,090	224,688	20,310	16,842	19,368	(69,164)	222	6,158	226,514	(601)	225,913
At 1 January 2021 (audited)	8,090	224,688	20,310	16,842	18,393	(28,157)	-	62,191	322,357	3,446	325,803
Loss for the period	-	-	-	-	-	-	-	(9,068)	(9,068)	(343)	(9,411)
Other comprehensive expense for the period:											
Exchange differences related to foreign operations	-	-	-	-	(481)	-	-	-	(481)	-	(481)
Change in fair value of financial assets designated at FVTOCI, net of tax	-	-	-	-	-	(10,434)	-	-	(10,434)	-	(10,434)
Total comprehensive expense for the period	-	-	-	-	(481)	(10,434)	-	(9,068)	(19,983)	(343)	(20,326)
Issue of convertible notes	-	-	-	-	-	-	1,495	-	1,495	-	1,495
Transaction costs for convertible notes	-	-	-	-	-	-	(19)	-	(19)	-	(19)
At 30 June 2021 (unaudited)	8,090	224,688	20,310	16,842	17,912	(38,591)	1,476	53,123	303,850	3,103	306,953

* These reserve accounts comprise the consolidated reserves of RMB218,657,000 (six months ended 30 June 2021: RMB295,760,000) in the interim condensed consolidated statement of financial position.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022 (Expressed in thousands of Renminbi)

		For the six months ended 30 June	
	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Operating activities			
Cash used in operations		(6,978)	(26,323)
Interest portion of lease payment		(93)	(43)
Income tax paid		(24)	–
Net cash flows used in operating activities		(7,095)	(26,366)
Investing activities			
Interest received		12	117
Purchases of items of property, plant and equipment	10	(5)	(39)
Loans to employees		–	(240)
Repayment of loan to employees		810	1,210
Purchases of bank product investments		(56,500)	(82,500)
Proceeds from redemption of bank product investments		56,608	82,759
Net cash generated from investing activities		925	1,307
Financing activities			
New bank borrowings		10,000	9,000
Repayment of bank loans		(14,000)	(9,000)
Principal portion of lease payments		(836)	(561)
Proceeds from issuance of convertible notes		–	26,943
Transaction costs for convertible notes		–	(334)
Interest paid		(605)	(376)
Repayment of convertible notes	20	(9,743)	–
Net cash (used in) generated from financing activities		(15,184)	25,672
Net (decrease) increase in cash and cash equivalents		(21,354)	613
Cash and cash equivalents at beginning of the period		27,851	44,090
Effect of foreign exchange rate changes, net		(141)	(292)
Cash and cash equivalents at end of the period	16	6,356	44,411

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

1 CORPORATE 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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Room 1905, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the provision of marketing and promotional services through the Group’s platform, including CI Web, mobile CI Web, Mobile Application Software (“APPs”) and IPTV APPs and (ii) sale of goods in China. There has been no significant change in the Group’s principal activities during the period.

In the opinion of the directors of the Company, as of the date of these interim condensed consolidated 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.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the International Accounting Standards (“IAS”) 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with those of the annual report for the year ended 31 December 2021.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual report for the year ended 31 December 2021, except for the accounting policy changes that are expected to be reflected in the annual report for the year ended 31 December 2022. Details of any changes in accounting policies are set out in note 2.2.

The unaudited consolidated results for the six months ended 30 June 2022 have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

2.2. CHANGES IN ACCOUNTING POLICIES

In the accounting period beginning from 1 January 2022, the Group has adopted, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) that affect the Group and are adopted for the current period’s financial information:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

These amendments have had no material effect on how the Group’s results and financial position for the current or prior periods have been presented in this unaudited interim condensed consolidated financial information. The Group has not applied any other new standards or interpretations that are not yet effective for the current accounting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

3 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:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Marketing and promotional services	13,957	22,983
Sale of goods	19,603	18,928
	33,560	41,911

- (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 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.

The Group's reportable and operating segments have been identified as follows:

- (i) Marketing and promotional services; and
- (ii) Sale of goods

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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

	For the six months ended 30 June 2022		
	Marketing and promotional services (Unaudited) RMB'000	Sale of goods (Unaudited) RMB'000	Total (Unaudited) RMB'000
Disaggregated by timing of revenue recognition			
Over time	13,957	–	13,957
Point in time	–	19,603	19,603
Segment revenue	13,957	19,603	33,560
Segment results	6,363	1,619	7,982

	For the six months ended 30 June 2021		
	Marketing and promotional services (Unaudited) RMB'000	Sale of goods (Unaudited) RMB'000	Total (Unaudited) RMB'000
Disaggregated by timing of revenue recognition			
Over time	22,983	–	22,983
Point in time	–	18,928	18,928
Segment revenue	22,983	18,928	41,911
Segment results	9,885	374	10,259

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Segment results	7,982	10,259
Unallocated		
Other income and gains	1,639	3,083
Selling and distribution expenses	(5,149)	(8,041)
Administrative expenses	(4,108)	(5,710)
Research and development costs	(4,109)	(8,003)
Reversal of (impairment loss) on financial and contract assets, net	123	(440)
Fair value changes of financial assets at FVTPL	(1,341)	789
Other expenses	(1)	(51)
Gain on modification of convertible notes	801	–
Finance costs	(2,036)	(1,225)
Loss before tax	(6,199)	(9,339)

Segment results during the period represents the gross profit of each segment without allocation of other income and gains, selling and distribution expenses, administrative expenses, research and development costs, reversal of impairment loss/impairment losses on financial and contract assets, net, fair value changes of financial assets at FVTPL, other expenses, gain on modification of convertible notes 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 period, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

4 OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Bank interest income	12	117
Other interest income	610	698
Foreign exchange gain, net	4	–
Government grants (note)	605	1,450
Investment income from bank product investments	108	259
Other income	300	559
	1,639	3,083

Note:

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

5 LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cost of inventories sold	17,983	17,759
Cost of services provided	7,594	13,098
Depreciation of property, plant and equipment	11	79
Depreciation of right-of-use assets	1,057	1,017
Research and development costs:		
Current period expenditure	4,109	8,003
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	6,791	11,824
Pension scheme contributions (defined contribution scheme)	853	408
(Reversal) of impairment losses on financial and contract assets, net:		
Trade receivables	(24)	(60)
Contract assets	(13)	(22)
Financial assets included in prepayments, deposits and other receivables	(86)	522
Fair value changes of financial assets at FVTPL	1,341	(789)
Write-off of trade receivables	1	–
Reversal of write-down of inventories	–	(795)
Foreign exchange (gain) loss, net	(4)	33

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

6 FINANCE COSTS

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Interest on bank borrowings	473	376
Imputed interest on convertible notes	1,419	806
Imputed interest on other borrowing	51	—
Imputed interest on lease liabilities	93	43
	2,036	1,225

7 INCOME TAX 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. There was no application for a preference tax rate of 10% regarding to the "Important Software Enterprise" for the six months ended 30 June 2022 and 2021. Thus, Nanjing Xibai has calculated the enterprise income tax expense at the preferential tax rate of 15% for the six months ended 30 June 2022 and 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

7 INCOME TAX EXPENSE (CONTINUED)

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

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current tax — Mainland China		
Under-provision in respect of prior periods	24	—
Deferred tax		
Current period	—	72
Total tax charge for the period	24	72

8 DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 and 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

9 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss attributable to owners of the Company, and the numbers of ordinary shares of 1,025,662,000 in issue during the six months ended 30 June 2022 and 2021.

No adjustment was made in calculating diluted loss per share for the six months ended 30 June 2022 and 2021 as the conversion of convertible notes would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

There were no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021, and therefore the diluted loss per share amount is equivalent to the basic loss per share.

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

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Loss		
Loss attributable to owners of the Company	(5,858)	(9,068)
	Number of shares For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Shares		
Number of ordinary shares in issue	1,025,662,000	1,025,662,000
	For the six months ended 30 June	
	2022 (Unaudited) RMB cents	2021 (Unaudited) RMB cents
Loss per share attributable to owners of the Company — Basic and diluted	(0.57)	(0.88)

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of approximately RMB5,000 (six months ended 30 June 2021: RMB39,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

11 LONG-TERM RECEIVABLES

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Rental deposit		950	841
Loans to employees	i	1,450	1,756
Loans to third parties	ii	320	320
		2,720	2,917

Notes:

- (i) 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 RMB880,000 (31 December 2021: RMB880,000), represents the interest-free loans to employees (note 23(a)) which will be repaid within two to five years. The current portion which will be repaid within one year is presented in note 15.
- (ii) The loans to third parties are unsecured, effective interest rates of 6% per annum and repayable within two to five years. The current portion which will be repaid within one year is presented in note 15.

12 OTHER FINANCIAL ASSETS

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Financial assets designated at FVTOCI		
— Unlisted equity securities	158,269	195,790
Financial assets at FVTPL		
— Unlisted equity securities	40,170	39,820
— Convertible loans to third parties	15,967	15,359
	214,406	250,969
Analysed into:		
— Non-current portion	174,236	211,149
— Current portion	40,170	39,820
	214,406	250,969

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

13 TRADE AND BILLS RECEIVABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade receivables	14,605	14,884
Less: Impairment allowance	(71)	(95)
	14,534	14,789
Bills receivables	–	831
	14,534	15,620

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 impairment allowance, is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 3 months	4,123	7,274
3 to 6 months	2,042	2,631
6 months to 1 year	7,581	5,566
1 to 2 years	666	149
2 to 3 years	122	–
	14,534	15,620

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

14 CONTRACT ASSETS

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Contract assets arising from marketing and promotional services	5,228	7,293
Less: Impairment allowance	(14)	(27)
	5,214	7,266

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.

During the six months ended 30 June 2022, impairment losses of RMB13,000 (six months ended 30 June 2021: RMB22,000) were reversed 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:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 year	5,214	7,266

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Advance payments to suppliers		241	589
Prepayments	i	19,149	12,755
Employee advances		31	95
Rental deposits		62	38
Other receivables	ii	2,080	4,672
Loans to third parties		200	240
Loans to employees		1,504	2,008
		23,267	20,397
Less: Impairment allowance		(199)	(285)
		23,068	20,112

Notes:

- (i) Prepayment included HK\$7,000,000 (equivalent to approximately RMB5,986,000) for technology licensing services, RMB3,550,000 for system solution services and RMB6,900,000 for technology services (31 December 2021: HK\$7,000,000 (equivalent to approximately RMB5,723,000) for technology licensing service and HK\$8,600,000 (equivalent to approximately RMB7,032,000) for health product service).
- (ii) Included in other receivables of approximately RMB1,785,000 (31 December 2021: RMB3,988,000) is the other tax receivables.

16 CASH AND CASH EQUIVALENTS

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Cash and bank balances	6,356	27,851

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amount to approximately RMB5,975,000 (31 December 2021: RMB22,297,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

17 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 month	437	1,745

At 30 June 2022 and 31 December 2021, the trade payables are non-interest-bearing and normally settled within 30 days.

18 OTHER PAYABLES AND ACCRUALS

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Other payables	4,234	3,461
Accruals	299	21
Other tax payables	7,476	8,701
Employee related payables	1,297	4,512
	13,306	16,695

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

19 INTEREST-BEARING BANK BORROWINGS

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans, guaranteed	4.35–4.65	2022–2023	18,500	4.35–4.65	2022	22,500

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Carrying amounts repayable: Within one year or on demand	18,500	22,500

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

19 INTEREST-BEARING BANK BORROWINGS (CONTINUED)

Notes:

- (a) The loans RMB18,500,000 (31 December 2021: RMB22,500,000) 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 RMB18,500,000 (31 December 2021: RMB22,500,000), all of which had been utilised as at the end of the reporting period and will be settled within one year.
- (c) Such loans were denominated in RMB.

20 CONVERTIBLE NOTES

The Company issued HK\$32,000,000 (approximately RMB27,046,000), 5% convertible notes at a par value of HK\$0.24 each on 29 March 2021. The convertible notes are denominated in Hong Kong dollars. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 29 March 2021 at a conversion price of HK\$0.24 per convertible note. If the notes have not been converted, they will be redeemed at 29 March 2022. Interest of 5% will be paid annually at 29 March 2022.

At initial recognition, the equity component of the convertible notes was separated from the liability component. The equity element is presented in equity heading "convertible notes equity reserve" of HK\$1,776,000 (approximately RMB1,502,000). The effective interest rate of the liability component is 11.58%.

On 29 March 2022, the Company entered into the Amendment and Restatement Deed ("Amendment and Restatement Deed") with the holders to extend the maturity date to 30 April 2023 for convertible notes with principal amount of HK\$14,500,000 and amend relevant terms of such convertible notes and the holders have agreed to cancel convertible notes in the principal amount of HK\$5,500,000 (approximately RMB4,465,000) and replace such principal amount as a loan effective from 8 April 2022.

The movement of the liability component of the convertible notes for the period/year is set out below:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
At the beginning of the period/year	26,378	–
Issue of the convertible notes	–	25,207
Effective interest expense	1,419	2,025
Repayment of convertible notes	(9,743)	–
Interest paid	(124)	–
Accrued interest	(601)	–
Reclassified to other borrowing	(4,465)	–
Gain on modification	(801)	–
Exchange realignment	434	(854)
At the end of the period/year	12,497	26,378

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

21 CONTINGENT LIABILITIES

As at the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

22 COMMITMENTS

The Group had the following capital commitment at the end of the reporting period:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Contracted, but not provided for: Land and buildings	49,030	49,030

23 RELATED PARTY TRANSACTIONS

(a) Material transactions with key management personnel:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
For the period/year Maximum aggregate amount of loans	880	1,511
At the period/year-end Loans to key management personnel	880	880

The loans granted to key management personnel who are not directors of the Company are interest-free housing loans and have fixed terms of repayment of five years, which are included in loans to employees in note 11.

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Short term employee benefits	866	947
Pension scheme contributions	58	67
	924	1,014

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

24 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2022

Financial assets

	Financial assets at amortised cost (Unaudited) RMB'000	Financial assets at FVTPL (Unaudited) RMB'000	Financial assets designated at FVTOCI (Unaudited) RMB'000	Total (Unaudited) RMB'000
Long-term receivables	2,720	–	–	2,720
Other financial assets	–	56,137	158,269	214,406
Trade and bills receivables	14,534	–	–	14,534
Financial assets included in prepayments, deposits and other receivables	1,893	–	–	1,893
Cash and cash equivalents	6,356	–	–	6,356
	25,503	56,137	158,269	239,909

Financial liabilities

	Financial liabilities at amortised cost (Unaudited) RMB'000
Trade payables	437
Financial liabilities included in other payables	4,234
Interest-bearing bank borrowings	18,500
Lease liabilities	2,629
Convertible notes	12,497
Other borrowing	4,756
	43,053

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

24 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31 December 2021

Financial assets

	Financial assets at amortised cost (Audited) RMB'000	Financial assets at FVTPL (Audited) RMB'000	Financial assets designated at FVTOCI (Audited) RMB'000	Total (Audited) RMB'000
Long-term receivables	2,917	–	–	2,917
Other financial assets	–	55,179	195,790	250,969
Trade and bills receivables	15,620	–	–	15,620
Financial assets included in prepayments, deposits and other receivables	2,780	–	–	2,780
Cash and cash equivalents	27,851	–	–	27,851
	49,168	55,179	195,790	300,137

Financial liabilities

	Financial liabilities at amortised cost (Audited) RMB'000
Trade payables	1,745
Financial liabilities included in other payables	3,460
Interest-bearing bank borrowings	22,500
Lease liabilities	3,371
Convertible notes	26,378
	57,454

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

25 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of financial assets at FVTPL and financial assets designated at FVTOCI with significant unobservable under Level 3 which have been assessed by the valuer using the valuation techniques of (i) market approach, discounted cash flows and asset-based approach for growing and well-developed companies and (ii) Black Scholes Model for financial assets with derivative embedded.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments for which fair values are disclosed:

Fair value hierarchy as at 30 June 2022

	Level 1 (Unaudited) RMB'000	Level 2 (Unaudited) RMB'000	Level 3 (Unaudited) RMB'000	Total (Unaudited) RMB'000
Financial assets				
Other financial assets				
Financial assets designated at FVTOCI				
— Unlisted equity securities	—	—	158,269	158,269
Financial assets at FVTPL				
— Unlisted equity securities	—	—	40,170	40,170
— Convertible loans to third parties	—	—	15,967	15,967
	—	—	214,406	214,406

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

25 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Fair value hierarchy as at 31 December 2021

	Level 1 (Audited) RMB'000	Level 2 (Audited) RMB'000	Level 3 (Audited) RMB'000	Total (Audited) RMB'000
Financial assets				
Other financial assets				
Financial assets designated at FVTOCI				
— Unlisted equity securities	—	—	195,790	195,790
Financial assets at FVTPL				
— Unlisted equity securities	—	—	39,820	39,820
— Convertible loans to third parties	—	—	15,359	15,359
	—	—	250,969	250,969

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at the end of the reporting period:

Financial assets	Valuation techniques	Significant unobservable input
Financial assets at FVTPL		
Unlisted equity securities and convertible loans to third parties	Discounted Cash Flows	Effective interest rate, taking into account of risk-adjusted return, is 9% (31 December 2021: 10%) (note (i))
	Black Scholes Model	Expected volatility of 32% (31 December 2021: 32%), taking into account volatility in entities in similar industries extracted from the financial database of Wind (萬得信息技術股份有限公司) ("Wind") (note (ii))
Financial assets designated at FVTOCI		
Unlisted equity securities	Market approach	Price/book ratio ranging from 2.9 to 8.4 (31 December 2021: 3.7 to 8.5), taking into account price/book ratio of entities in similar industries extracted from database of Wind, adjusted for discount for lack of marketability (note (iii))
		Enterprise value/sales ratio ranging from 4.1 to 13.0 (31 December 2021: 7.2 to 13.8), taking into account enterprise value/sales ratio of entities in similar industries extracted from database of Wind, adjusted for discount for lack of marketability (note (iv))

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(Expressed in thousands of Renminbi)

25 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

- (i) An increase in the effective interest rate used in isolation would result in a decrease in the fair value measurement of the financial assets at FVTPL and vice versa. 5% increase/decrease in the effective interest rate holding all other variables constant would decrease/increase the carrying amount of financial assets at FVTPL RMB1,973,000 and RMB2,371,000 (31 December 2021: RMB1,924,000 and RMB2,316,000), respectively.
- (ii) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the financial assets at FVTPL and vice versa. 10% increase/decrease in the volatility holding all other variables constant would increase/decrease the carrying amount of financial assets at FVTPL by RMBNil (31 December 2021: RMBNil).
- (iii) An increase in the price/book ratio used in isolation would result in an increase in the fair value measurement of the financial assets designated at FVTOCI, and vice versa. 2% increase/decrease in the price/book ratio holding all other variables constant would increase/decrease the carrying amount of the financial assets designated at FVTOCI by RMB21,749,000 and RMB21,749,000 (31 December 2021: RMB4,327,000 and RMB4,327,000), respectively.
- (iv) An increase in the enterprise value/sales ratio used in isolation would result in an increase in the fair value measurement of the financial assets designated at FVTOCI, and vice versa. 2% increase/decrease in the enterprise value/sales ratio holding all other variables constant would increase/decrease the carrying amount of the financial assets designated at FVTOCI by RMB990,000 and RMB990,000 (31 December 2021: RMB1,748,000 and RMB1,748,000), respectively.

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(Expressed in thousands of Renminbi)

25 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Reconciliation of Level 3 fair value measurements

The movements in fair value measurements within Level 3 during the reporting period are as follows:

	Financial assets at FVTPL		Financial assets designated at FVTOCI	
	Unlisted equity securities RMB'000	Convertible loans to third parties RMB'000	Unlisted equity securities RMB'000	Total RMB'000
At 1 January 2021 (Audited)	45,527	16,830	201,818	264,175
Loan interest receivable	–	1,037	–	1,037
Exchange realignment	1,202	–	28	1,230
Changes in fair value recognised in profit and loss	(6,909)	(2,508)	–	(9,417)
Changes in fair value recognised in other comprehensive income	–	–	(6,056)	(6,056)
At 31 December 2021 (Audited)	39,820	15,359	195,790	250,969
At 1 January 2022 (Audited)	39,820	15,359	195,790	250,969
Loan interest receivable	–	513	–	513
Exchange realignment	1,786	–	6	1,792
Changes in fair value recognised in profit and loss	(1,436)	95	–	(1,341)
Changes in fair value recognised in other comprehensive income	–	–	(37,527)	(37,527)
At 30 June 2022 (Unaudited)	40,170	15,967	158,269	214,406

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2021: Nil).

26 EVENT AFTER THE REPORTING PERIOD

There was no material subsequent event during the period from 30 June 2022 to the date of these interim condensed consolidated financial statements.