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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Parenting Network Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(1) MAJOR TRANSACTION IN RELATION TO EXTENSION OF LOAN; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM of China Parenting Network Holdings Limited to be held at Room 1304, 13/F, Building J, Cloud Security City, No. 19 Ningshuang Road, Nanjing, Jiangsu Province, the People's Republic of China on Wednesday, 13 March 2024 at 12:30 p.m. is set out on pages E-1 to E-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting (i.e. by Monday, 11 March 2024, at 12:30 p.m.) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

26 February 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“APP(s)”	mobile application software
“Board”	the board of Directors
“Borrower”	Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司), a company incorporated in the PRC with limited liability
“Company”	China Parenting Network Holdings Limited 中國育兒網絡控股有限公司, an exempted company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1736)
“Convertible Notes”	the redeemable fixed coupon convertible notes issued by the Company pursuant to the amended convertible note instrument dated 29 March 2022 with an outstanding principal of HK\$18.8 million, which was matured on 30 April 2023
“Directors”	the director(s) of the Company
“Disposal”	the sale of the entire interest in Nanjing Wanhui by Nanjing Xibai to Nanjing Zhiye Enterprise Management Co., Ltd.* (南京智冶企業管理有限公司) pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional agreement dated 15 January 2024 entered into among the Nanjing Xibai, Nanjing Zhiye Enterprise Management Co., Ltd.* (南京智冶企業管理有限公司) and Nanjing Wanhui in relation to the sale and purchase of the entire interest in Nanjing Wanhui
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, considering and if thought fit, approving the Second Supplemental Agreement and the transactions contemplated thereunder
“Existing Loan”	the outstanding amount to be repaid by the Company under the terms of the loan agreements entered into between the Group and the creditors dated 18 August 2023 with an aggregate outstanding principal of RMB3.25 million
“Extension of Loan”	the extension of the Loan under the Second Supplemental Agreement

DEFINITIONS

“First Supplemental Agreement”	the supplemental agreement dated 29 December 2020 entered into between the Lender, the Borrower and the Guarantor to supplement the Loan Agreement, details of which are set out in the announcement of the Company dated 6 December 2023
“Group”	the Company and its subsidiaries
“Guarantor”	Jiangsu Wansheng Weiye Network Information Technology Company Limited* (江蘇萬聖偉業網絡科技有限公司), a subsidiary of Leo Group Co., Ltd. (利歐集團股份有限公司) (002131.SH)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies) who is/are or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates and not connected person(s) of the Company
“Latest Practicable Date”	20 February 2024, being the latest practicable date for the purpose of ascertaining information contained in this circular
“Lender”	Nanjing Xihui Information Technology Company Limited* (南京矽滙信息技術有限公司), a company incorporated in the PRC with limited liability, the financial results of which have been consolidated and accounted for as a subsidiary of the Group through contractual arrangement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan with principal amount of RMB12,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement (as amended and supplemented by the First Supplemental Agreement and Second Supplemental Agreement)
“Loan Agreement”	the loan agreement dated 29 December 2017 entered into between the Lender, the Borrower and the Guarantor in respect of the Loan

DEFINITIONS

“Nanjing Wanhui”	Nanjing Wanhui Information Technology Company Limited* (南京灣匯信息科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Nanjing Xibai
“Nanjing Xibai”	Xibai (Nanjing) Information Technology Company Limited* (矽柏(南京)信息技術有限公司), a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the supplemental agreement dated 15 January 2024 entered into between the Lender, the Borrower and the Guarantor to supplement the Loan Agreement (as amended and supplemented by the First Supplemental Agreement)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

For the purpose of this circular, unless otherwise specified or the context requires otherwise, “” denotes an English translation of a Chinese name and is for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Lake Mozi (*Chairperson*)

Mr. Cheng Li

Mr. Lin Luofeng

Ms. Ng Kwok Ying Isabella

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Directors:

Ms. Li Juan

Mr. Zhang Haihua

Principal place of business

in Hong Kong:

Room 1905

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

Independent non-executive Directors:

Mr. Zhao Zhen

Mr. Ge Ning

Mr. Manley Poon

26 February 2024

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION
IN RELATION TO EXTENSION OF LOAN;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 6 December 2023 in relation to the Loan Agreement and the First Supplemental Agreement entered into among the Lender, the Borrower and the Guarantor, pursuant to which the Lender agreed to provide the Borrower the Loan in an amount of RMB12,000,000 for a term of 36 months, with an interest rate of 6.0% per annum and (ii) the announcement of the Company dated 15 January 2024 in relation to the Second Supplemental Agreement.

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Background

On 29 December 2017, the Loan Agreement was entered into among the Lender, the Borrower and the Guarantor, pursuant to which the Lender agreed to provide the Borrower the Loan in an amount of RMB12,000,000 for a term of 36 months, with an interest rate of 6.0% per annum. Prior to the maturity date of the Loan, the Lender had the right to convert the outstanding amounts into 20% of the equity interests in the Borrower pursuant to the Loan Agreement.

On 29 December 2020, the parties entered into the First Supplemental Agreement to extend the maturity date of the Loan to 29 December 2023. Save as aforesaid, all other terms of the Loan Agreement remained in full force and effect.

SECOND SUPPLEMENTAL AGREEMENT

The principle terms of the Second Supplemental Agreement are set out below:

Date

15 January 2024

Parties

- (i) Nanjing Xihui Information Technology Company Limited* (南京矽滙信息技術有限公司), as the Lender;
- (ii) Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司), as the Borrower; and
- (iii) Jiangsu Wansheng Weiye Network Information Technology Company Limited* (江蘇萬聖偉業網絡科技有限公司), as the Guarantor

Maturity date

The maturity date of the Loan is further extended to 29 December 2026.

The Loan is extended for three years, which was the same loan period under the Loan Agreement and the First Supplemental Agreement, based on the Action Plan devised by the Borrower (as defined below) and on the basis that the Company would not consider any further extension of the maturity date of the Loan.

Repayment of accrued interests

Interest of RMB4,320,000 was accrued between 29 December 2017 and 29 December 2023. Following the repayment of RMB1,000,000 by the Borrower by 6 January 2024, the Borrower shall repay the remaining accrued interests of RMB3,320,000 on or before 29 December 2024.

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Security

The right of the Lender to convert the outstanding amounts into 20% of the equity interests in the Borrower shall be revised to 25% of the equity interests in the Borrower.

The revised conversion percentage of equity interests in the Borrower was determined based on arm's length negotiation between the Lender and the Borrower, with reference to the decrease in the total assets of the Borrower less the current bank loans from RMB28.2 million as at the end of 2020 (the maturity date of the Loan pursuant to the Loan Agreement) to RMB24.0 million as at 31 December 2023. The Company would determine whether the conversion right shall be exercised based on (i) the industry prospect of the Borrower's business, (ii) the Group's development and investment strategy and (iii) the business development and financial performance of the Borrower.

Considering the aforementioned total assets less the current bank loans of the Borrower and the trading liquidity of the equity interests in the Borrower as a private company in the PRC, the Group had no intention to convert the outstanding Loan into equity interests as at the Latest Practicable Date.

Conditions precedent

The Second Supplemental Agreement is conditional upon:

- (i) the Company having obtained the Shareholders' approval at the EGM in respect of the relevant resolution to approve the Second Supplemental Agreement and the transactions contemplated thereunder; and
- (ii) the satisfaction of any other requirements under Listing Rules by the Company.

As at the date of this circular, the above conditions have not been fulfilled.

Save as disclosed above, all other terms and provisions of the Loan Agreement (as amended by the First Supplemental Agreement) shall remain in full force and effect.

REASONS FOR AND BENEFITS OF ENTERING INTO SECOND SUPPLEMENTAL AGREEMENT

The terms of the Second Supplemental Agreement, including the extension of maturity date, were arrived after arm's length negotiations and are on normal commercial terms.

The interest rate of 6.0% was determined with reference to the 1-year and 5-year loan prime rates (LPR) of 3.45% and 4.2% per annum, respectively, published by the National Interbank Funding Center authorized by the People's Bank of China in December 2023 and the financial condition of the Borrower.

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The Directors have considered the following principal factors and reasons regarding the entering of the Second Supplemental Agreement:

- (i) the Company aims to contribute to the growth of the mother-child market in the PRC and enrich the overall consumer experience while the Borrower, as a major platform for parent-child consumption, has developed a family-outing mobile app which allows families to browse and participate in a variety of parent-child activities and aims to offer innovative solutions for families in the PRC;
- (ii) the right of the Company to convert the outstanding amounts increases from 20% to 25% of the equity interests in the Borrower pursuant to the Second Supplemental Agreement;
- (iii) the Borrower had made repayment of the accrued interest of RMB1 million as at the Latest Practicable Date to demonstrate its repayment ability and to lower the total outstanding amount;
- (iv) the interest income to be received by the Group; and
- (v) the guarantee provided by the Guarantor, a subsidiary of Leo Group Co., Ltd. (利歐集團股份有限公司), the shares of which are currently listed on and dealt in the Stock Exchange of Shenzhen, the PRC. Pursuant to the Second Supplemental Agreement, the Guarantor shall be jointly and severally liable for the repayment of principal and interest of the Loan.

Credit Assessment

With regard to credit assessment, the Group had performed due diligent works on the background of the Borrower and the Guarantor. In particular, the Company had (i) performed background search on the Borrower and the Guarantor; (ii) reviewed the bank statements of the Borrower and (iii) reviewed the financial statements of the Borrower and the Guarantor.

Prior to the entering of the First Supplemental Agreement, the Company had discussed with the Borrower and the Guarantor and was given to understand that both of them had some cash flow issues. As at the maturity date of the Loan Agreement and the First Supplemental Agreement, each of the Borrower and the Guarantor had cash and cash equivalents below RMB12.0 million, which was the principal amount of the Loan. As at the Latest Practicable Date, having reviewed the latest financial statements of the Borrower and the Guarantor, the Borrower had insufficient net asset and liquidity and the Guarantor had insufficient cashflow repay the debt, the Directors considered that the Group had a low probability of recovery if they pursue debt recovery action and monetization process upon the maturity of the Loan pursuant to the First Supplemental Agreement. Instead, the Borrower has repaid RMB1,000,000 of the outstanding interest and has devised an action plan to repay (i) the outstanding accrued interest of RMB3.3 million by the end of 2024; (ii) the principal amount of RMB2.0 million and the related interest by the end of 2024, (iii) the principal amount of RMB6.0 million and the related interest by the end of 2025 and (iv) the remaining principal of RMB4.0 million and the related interest by 29 December 2026 (the “**Action Plan**”). Having

LETTER FROM THE BOARD

reviewed the business development plan and the expected use of fund of the Borrower for the three years ending 2026, the Directors are of the view that the Action Plan devised by the Borrower is feasible and achievable.

On the other hand, customer was introduced by the Borrower to the Group after the entering into the Loan Agreement. Revenue derived from the customer referred by the Borrower contributed for 4.9%, 9.8%, 10.2%, 9.1% and 9.9% of the Group's revenue from marketing and promotional services for the four years ended 31 December 2022 and the six months ended 30 June 2023, respectively. Based on the above, the Directors are of the view that the Extension of Loan is also beneficial to the Group in terms of the business opportunity brought by the Borrower.

The Directors are of the view that the financial resources presently available for the Group, including revenue generated by the Group of RMB85.0 million for the year ended 31 December 2022 and RMB23.8 million for the six months ended 30 June 2023, and the current available facilities (including the bank loans of RMB17.5 million as at 31 December 2023), are sufficient for the Group's normal business operations. The Directors are also of the view that the Extension of Loan outweighs the possible benefits of engaging in litigation to seek for repayment out of the outstanding Loan based on the low possibility of full recovery of the outstanding amount in short term and the income derived by the customer introduced by the Borrower in long run.

Internal Measures

The Group normally issues a payment reminder to the Borrower four weeks prior to the maturity of the Loan. The Company issued a payment reminder to the Borrower four weeks prior to the maturity date of the Loan pursuant to the Loan Agreement and the First Supplemental Agreement and negotiated with the Borrower for the extension of Loan or partial repayment of the outstanding sum.

The Group will continue monitoring the operational and financial performance of the Borrower, including obtaining and reviewing quarterly management account from the Borrower. The Directors are of the view that the aforementioned internal procedures can effectively facilitate the loan collection procedure of the Company.

Based on the above, the Directors are of the view that the terms of the Second Supplemental Agreement are fair and reasonable, on normal commercial terms and follows normal market practice and hence the Extension of Loan is in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, based on the above reasons, the Company did not intend to enforce the guarantee to recover the outstanding Loan and accrued interest.

If the Extension of Loan is not approved by the Shareholders at the EGM, the Borrower shall be required to repay the principal of the Loan and settle all interest payable up to the date of repayment of the principal of the Loan immediately after the disapproval of the resolution at the EGM and the Company will seek legal advice for the enforcement actions available to recover the outstanding amount.

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Financial effects of the Extension of Loan

The Extension of Loan will not cause any material change to the assets and liabilities of the Group, save for the increase in other receivable of RMB2.16 million of interest income of the Loan in the relevant period. Earnings of the Group of approximately RMB2.16 million will be generated as a result of recognition of interest income in the relevant period.

The fair value of the Loan as at 30 June 2023 was RMB15.38 million, which represents the present value of the Loan. The difference between the fair value and the outstanding amount of the Loan and the accrued interests will decrease when the date of assessment of the fair value approaches the actual payment date. Although the fair value of the Loan is slightly lower than the outstanding amount of RMB16.0 million (comprising the principal amount of RMB12.0 million and the accrued interest as at 30 June 2023 of RMB4.0 million), the Directors considered that this accounting treatment of fair value of the Loan is for illustrative purpose only and does not purport to represent the actual proceeds to be received by the Group on or before the date of maturity. Based on the factors set out in the paragraph headed “Reasons for and Benefits of Entering into Second Supplemental Agreement” in this letter, the Directors considered that the Extension of Loan is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE BORROWER AND GUARANTOR

The Borrower is Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司), a company incorporated in the PRC with limited liability. It is principally engaged in providing a major platform for parent-child consumption. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the ultimate controller of the Borrower, Mr. Huang Chaozi (黃朝滋) holds 78% of its equity interests, and the 14 other ultimate beneficial owners of the Borrower hold the remaining 22% equity interests and the Borrower and its ultimate beneficial owners are third parties independent and not connected with the Company and any of its connected persons. None of the 14 other ultimate beneficial owners is a substantial shareholder of the Borrower. As at the Latest Practicable Date, the Company does not hold any equity interests in the Borrower.

The Guarantor is Jiangsu Wansheng Weiye Network Information Technology Company Limited* (江蘇萬聖偉業網絡科技有限公司), an indirect wholly-owned subsidiary of Leo Group Co., Ltd. (利歐集團股份有限公司) (002131.SH). Its principal business is advertisement and marketing. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Guarantor and its ultimate beneficial owner, Leo Group Co., Ltd. (利歐集團股份有限公司) (002131.SH) are third parties independent and not connected with the Company and any of its connected persons.

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in providing users with content, community, news media, e-commerce, smart hardware and other related services through a portfolio of websites and APPs including CI Web, Mama BBS APP, Pregnancy Tracker APP, new media matrix and mother-child online communities, covering areas including new retail, health, education, home entertainment and family travel, etc.

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The Lender is Nanjing Xihui Information Technology Company Limited* (南京矽滙信息技術有限公司), a company incorporated in the PRC with limited liability, the financial results of which have been consolidated and accounted for as a subsidiary of the Group through contractual arrangement. As a result, the Lender is deemed to be a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

The Extension of the Loan constitutes provision of financial assistance under the Listing Rules. As the relevant percentage ratios under the Listing Rules in respect of the Extension of Loan exceeds 25%, therefore, the Extension of Loan constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Extension of Loan and therefore no Shareholder would be required to abstain from voting at the EGM for the relevant resolutions.

EGM

Set out on pages E-1 to E-2 of this circular is the notice of EGM at which, inter alia, ordinary resolutions will be proposed to Shareholders to consider and approve the Second Supplemental Agreement and the Extension of Loan.

The transfer books and register of members will be closed from 11 March 2024 to 13 March 2024, both days inclusive to determine the entitlement of the shareholders to attend at the EGM, during which period share transfers can be registered. All transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 8 March 2024.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Voting on the proposed resolution at the EGM will be taken by poll.

The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding entered into by or binding upon any

LETTER FROM THE BOARD

Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

Having considered the reasons set out herein, the Directors consider that the Second Supplemental Agreement was entered into after arm's length negotiation and the terms of the Second Supplemental Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, the Directors would have recommended the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Second Supplemental Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

Your faithfully,
By order of the Board of
China Parenting Network Holdings Limited
CHENG LI
CEO

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ci123.com).

- annual report of the Group for the year ended 31 December 2020 published on 30 April 2021 (Pages 96 to 184)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0430/2021043001049.pdf>)
- annual report of the Group for the year ended 31 December 2021 published on 29 April 2022 (Pages 95 to 178)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901066.pdf>)
- annual report of the Group for the year ended 31 December 2022 published on 28 April 2023 (Pages 95 to 176)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042804765.pdf>)
- interim report of the Group for the six months ended 30 June 2023 published on 15 September 2023 (Pages 30 to 35)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0915/2023091500700.pdf>)

2. INDEBTEDNESS STATEMENT

At the close of business on 31 December 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the circular, the Group had aggregate outstanding bank loan, other borrowing and lease liabilities of approximately RMB44,301,000, details of which are as follows:

Bank loan

The Group had unsecured bank loan of RMB17,500,000, which are guaranteed by personal guarantees from directors of the Company (one of the directors resigned on 9 August 2023). All bank loan will mature within one year. The Group has bank loan facilities amounting to RMB17,500,000 in total, which are fully utilised.

Other borrowing

The Group had other borrowing of approximately RMB20,297,000, all of which are unsecured, unguaranteed and repayable on demand. As at 31 December 2023, the interest payable relating to such borrowing is approximately RMB5,798,000 and payable on demand.

Lease liabilities

The Group had lease liabilities (comprising both current and non-current liabilities) of approximately RMB706,000.

The Group has loan facilities granted by directors amounting to RMB20,000,000 in total, of which RMB20,000,000 was not utilised. Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at 31 December 2023, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Group has defaulted in settlement of the Convertible Notes and the Company has on 21 August 2023 received a statutory demand from the legal adviser acting on behalf of Diligent Ally Private Limited demanding the Company to repay the outstanding principal and interest of the Convertible Notes issued by the Company to Diligent Ally Private Limited. The statutory demand requested the Company to repay the outstanding amount within 21 days from the date of service of the statutory demand, which was 11 September 2023. The Group has also failed to repay the Existing Loan which was due on 25 August 2023. As at the Latest Practicable Date, the total outstanding amount payable under the Convertible Notes and the Existing Loan was RMB24.5 million and RMB3.8 million, respectively. The Company is in active negotiation with Diligent Ally Private Limited and the creditors of the Existing Loan for capitalisation of their debts and is in the course of determining the conversion price. The Company expects that the consensus will be reached with the relevant parties in or around June 2024.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

4. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group including the internally generated funds, the current available facilities and the effects of the Disposal, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of the circular. The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group is a mother-child platform in China, providing users with content, community, new media, e-commerce, smart hardware and other related services through a portfolio of websites and APPs including CI Web, Mama BBS APP, Pregnancy Tracker APP, new media matrix and mother-child online communities. The Group is principally engaged in (i) the provision of marketing and promotional services through the Group's platform, including CI Web, mobile CI web, APPs and IPTV APPs and (ii) sale of goods in China. There will be no material impact to the business operation of the Group upon the Extension of Loan.

Having harvested 18 years of experience in the mother-child industry, the Group has never ceased to refine its ecology within the industry. In 2023, relying on the three forces of "whole network traffic accessibility, scientific content service and digital technology operation", and being people-oriented, the Group has continued to make all-platform efforts. It serves the needs of users of all childbearing ages, builds an all-platform ecological network of maternal and infant services, connects users and brands, and also links channels and industry to develop symbiotically, weaving a professional ecological maternal and infant network with a strong core.

Parenting needs of all childbearing ages are met through Mama BBS APP, mini programs, communities and MCN, etc. Meanwhile, the Group has built a scientific content field based on its changes, and comprehensively upgraded its three major content forces. Firstly, it has upgraded the scientific content and deepened the integration and cooperation with professional institutions such as the China National Committee for the Well-being of the Youth and the National Health Commission. The Group, together with the Children Development Research Center of the China National Committee for the Well-being of the Youth has responded to the national policies, launched the Project of Parent School focusing on the professional, scientific parenting education and other aspects of infants and young children. At the same time, the Scientific Parenting Action Project of Scientific Parenting Action, which focuses on solving the problems of society's unwillingness to give birth and inability to afford children, is comprehensively assisting the scientific parenting of the entire population. Secondly, it has upgraded professional content. The Group has continued to build a professional maternal and infant MCN platform, and upgraded the global membership service system; strengthened the cooperation among experts and talents, and optimized the quality of cooperation, with over 3,200 high-quality talents and more than 800 authoritative parenting experts inside and outside the website controlling professionally. For example, with the endorsement of expert doctors, the Group has provided services such as parenting Q&A and expert consultation. Thirdly, it has upgraded IP content. Under the existing 30+ self-owned original IP content matrix, the Group has continued to incubate more new intelligent IPs, created new content IPs such as "Shining Mother", "Don't Know Research Institute", and "Amazing Human Cubs", which are synchronously distributed to social platforms such as TikTok, Little Red Book, video channels, video websites, etc.

The Group has always adhered to providing digital services, and is committed to using technology to reduce the cost of pregnancy and improve the easy parenting experience. To this end, relying on its powerful digital technology operation, the Group has developed and launched the AI parenting service “Smart Parenting Assistant (智育小助理)” 3.0, which is an artificial intelligence dialogue robot software product based on a large language model. Similar to talking to a real person, it can generate a smoother, more natural and contextualized responses based on users’ input. “Smart Parenting Assistant (智育小助理)” 3.0 can not only talk freely with users, but also freely switch to the smart parenting modes such as Parenting Q&A, B-ultrasound Interpretation, Naming Master, chat with besties, etc. based on users’ needs, providing users with more professional, convenient and interesting services.

Meanwhile, more than 20,000 maternal and infant stores are using the “Mommy Store (媽咪店) SaaS+” SaaS system of the Group, which provides large-scale educational management solutions and covers 318 cities with over 5.62 million offline members and tens of thousands of offline merchants providing the parent-child weekend services on the professional platform for parent-child life, accumulating a total of 30 million family trips. The system may cater to the family needs of its users across segments ranging from health, travel, education, entertainment to purchase. Besides, merchants can provide consumers with consumption services via tools provided by the Group such as one-click distribution, one-click grouping, and instant shopping. For example, the one-click distribution tool can help group-purchased products achieve distribution. Over 1 million products are available in the SKU product library for consumers to choose from. The one-click grouping tool can also help maternal and infant stores achieve more sales conversions. For instant shopping, the Group has more than 6,000 maternal and infant interactive communities, which can bring more business increments to brands.

Steadfast in its aspiration to “do practical things for users and serve more mother-child families”, the Group has always been a pioneer of the industry. Through researching and surveying its online and offline users, the Group has gained perceptive insights into its consumers’ needs and the stocking pain points faced by offline maternal and infant stores and harnessed the full potential of pipeline cooperation. It will extend its existing business and undertake professional and meticulous product selection, research and development, production and quality control to deliver truly safe and affordable mother-child and household products of quality, which mainly comprise facial towels, wet wipes, diapers, toys and other proprietary products under its own brand that are frequently used with inelastic demand, with a view to providing Chinese families with a safe and secure physical experience. In the meantime, it will also seek to achieve rapid growth for its own brand by adopting a marketing model that combines online and offline sales and by extending its reach to consumer-side customers online through channels such as private domains, communities and product recommendations on large platforms as well as offline through the engagement with over 20,000 maternal and infant stores.

In addition to the expansion of the existing business as stated above, the Group had also implemented an internal staff restructuring plan to streamline the costs of operation. A further headcount of 33 staff was reduced during the second half of 2023 and the average monthly staff cost will be reduced by RMB0.4 million. The implementation of the staff restructuring plan would improve the overall profitability of the operation.

On 15 January 2024, the Group entered into the Disposal Agreement with Nanjing Zhiye Enterprise Management Co., Ltd.* (南京智冶企業管理有限公司) in relation to the disposal of the entire issued share capital of Nanjing Wanhui, a wholly-owned subsidiary of the Company, at a consideration of approximately RMB19.1 million. Completion of the Disposal would generate cash income for the operation and development and improve the financial condition of the Group.

The Extension of Loan will not cause any material change to the assets and liabilities of the Group. Earnings of the Group of approximately RMB2.16 million will be generated as a result of recognition of interest income in the relevant period.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES**(a) Directors and chief executive**

As at the Latest Practicable Date, 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 SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the 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 to 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
Mr. Cheng Li ⁽¹⁾	Interest in a controlled corporation	24,000,000	8.33%

Note:

- (1) 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.

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	Nanjing Xihui Information Technology Company Limited* (南京矽滙信息技術有限公司) (“ Nanjing Xihui ”) ⁽¹⁾	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 ”) ⁽¹⁾	Beneficial owner	85%
Mr. Cheng Li	Nanjing Xihui ⁽¹⁾	Beneficial owner	15%
	Nanjing Xinchuang ⁽¹⁾	Beneficial owner	15%

Note:

1. 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, none of the Directors or chief executive of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at the Latest Practicable Date, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

(b) Substantial Shareholder

As at the Latest Practicable Date, the following person (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Maria Rachel Mai Decolongon Tatoy ⁽¹⁾	Beneficial owner & Interest in a controlled corporation	50,562,270	17.55
Victory Glory Holdings Limited (“ Victory Glory ”) ⁽²⁾	Beneficial owner	24,000,000	8.33
Tan Chiu Lan Francine	Beneficial owner	18,551,710	6.44
Diligent Ally Private Limited	Beneficial owner	16,653,287	5.78

Notes:

- Ms. Maria Rachel Mai Decolongon Tatoy holds 23,920,322 Shares and 7,291,666 Shares, respectively through her wholly-owned companies, Prime Wish Limited and Bonus Shares Pte. Ltd and has personal interest of 19,350,282 Shares.
- Victory Glory is directly and wholly owned by Mr. Cheng Li, an executive Director.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors or chief executive of the Company had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS’ INTERESTS IN CONTRACTS OR ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant to the business of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

LITIGATION

Neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Second Supplemental Agreement;
- (b) a subscription agreement dated 29 March 2023 and entered into between the Company and Ms. Tan Chiu Lan Francine, an Independent Third Party, pursuant to which the Company had conditionally agreed to allot and issue, and Ms. Tan Chiu Lan Francine had conditionally agreed to subscribe for 7,317,073 subscription shares at a subscription price of HK\$0.041 per subscription share;
- (c) a subscription agreement dated 4 May 2023 and entered into between the Company and Ms. Tan Chiu Lan Francine, an Independent Third Party, pursuant to which the Company had conditionally agreed to allot and issue, and Ms. Tan Chiu Lan Francine had conditionally agreed to subscribe for 14,347,826 subscription shares at a subscription price of HK\$0.023 per subscription share;
- (d) a subscription agreement dated 4 May 2023 and entered into between the Company and Ms. Wu Saiya, an Independent Third Party, pursuant to which the Company had conditionally agreed to allot and issue, and Ms. Wu Saiya had conditionally agreed to subscribe for 11,739,130 subscription shares at a subscription price of HK\$0.023

per subscription share. The subscription agreement was subsequently terminated as the consideration had not been settled by the long stop date and there had not been any agreement to further extend the long stop date;

- (e) a subscription agreement dated 12 June 2023 and entered into between the Company and Ms. Tan Chiu Lan Francine, an Independent Third Party, pursuant to which the Company had conditionally agreed to allot and issue, and Ms. Tan Chiu Lan Francine had conditionally agreed to subscribe for 91,733,750 subscription shares at a subscription price of HK\$0.023 per subscription share;
- (f) a subscription agreement dated 11 July 2023 and entered into between the Company and Ms. Wu Saiya, an Independent Third Party, pursuant to which the Company had conditionally agreed to allot and issue, and Ms. Wu Saiya had conditionally agreed to subscribe for 20,946,537 subscription shares at a subscription price of HK\$0.1525 per subscription share;
- (g) a subscription agreement dated 11 July 2023 and entered into between the Company and XI-F-AI PTE. LTD., an Independent Third Party, pursuant to which the Company had conditionally agreed to allot and issue, and XI-F-AI PTE. LTD. had conditionally agreed to subscribe for 20,946,537 subscription shares at a subscription price of HK\$0.1525 per subscription share;
- (h) a subscription agreement dated 12 September 2023 and entered into among the Company, Diligent Ally Private Limited (a shareholder of the Company), Ms. Deng Jingjing (an Independent Third Party) and Ms. Gong Yanping (an Independent Third Party), pursuant to which the Company had conditionally agreed to issue and Diligent Ally Private Limited, Ms. Deng Jingjing and Ms. Gong Yanping had conditionally agreed to subscribe for convertible notes in the aggregate principal amount of HK\$28.29 million with a conversion price of HK\$0.076 per conversion share. On 15 November 2023, the Company, Diligent Ally Private Limited, Ms. Deng Jingjing and Ms. Gong Yanping entered into an amended and restated subscription agreement to state that the maturity date of the Convertible Notes can be extended for further six months at the absolute discretion of Diligent Ally Private Limited, Ms. Deng Jingjing and Ms. Gong Yanping. The subscription agreement was lapsed on 31 December 2023; and
- (i) the Disposal Agreement dated 15 January 2024 entered into between Nanjing Xibai, a wholly-owned subsidiary of the Company, as the vendor, and Nanjing Zhiye Enterprise Management Co., Ltd.* (南京智冶企業管理有限公司), an Independent Third Party, as the purchaser, in relation to the disposal of the entire issued share capital of Nanjing Wanhui, a wholly-owned subsidiary of Nanjing Xibai, at an aggregate consideration of RMB19,090,000.

GENERAL

- (a) The secretary of the Company is Mr. Zhang Lake Mozi.
- (b) The registered office of the Company is situated at Cricket Square Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands.
- (c) The head office and principal place of business of the Company in the PRC is at 13F, Building J, Cloud Security City No. 19 Ningshuang Road, Nanjing, Jiangsu Province, the PRC.
- (d) The principal place of business of the Company in Hong Kong is at Room 1905, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website (www.ci123.com) and the Stock Exchange's website (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM (being not less than 14 days):

- (a) the Second Supplemental Agreement;
- (b) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022 and the interim report of the Company for the six months ended 30 June 2023; and
- (c) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of China Parenting Network Holdings Limited (the “**Company**”) will be held at Room 1304, 13/F, Building J, Cloud Security City, No. 19 Ningshuang Road, Nanjing, Jiangsu Province, the People’s Republic of China at 12:30 p.m. on Wednesday, 13 March 2024 for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) the second supplemental agreement dated 15 January 2024 (the “**Second Supplemental Agreement**”) entered into among Nanjing Xihui Information Technology Company Limited* (南京矽滙信息技術有限公司), as the lender, Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司), as the borrower and Jiangsu Wansheng Weiye Network Information Technology Company Limited* (江蘇萬聖偉業網絡科技有限公司), in relation to the extension of loan in an amount of RMB12,000,000 for a term of 36 months with an interest rate of 6.0% per annum and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (ii) any one or more directors of the Company be and is hereby authorised to do all such acts and things and sign all such documents (under seal, if necessary) and to take all such steps as he/she consider, necessary or expedient or desirable in connection with or to give effect to the Second Supplemental Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interests of the Company.”

By order of the Board
China Parenting Network Holdings Limited
CHENG LI
CEO

Nanjing, the People’s Republic of China
26 February 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
 2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
 3. In order to be valid, a form of proxy must be deposited at the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. by 11 March 2024 at 12:30 p.m.) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
 4. The transfer books and register of members will be closed from 11 March 2024 to 13 March 2024, both days inclusive to determine the entitlement of the shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m., Friday, 8 March 2024.
- * *For identification purpose only*