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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)

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

The Board hereby announces that on 20 February 2025:

- (i) the New WFOE, Nanjing YLYX and the Registered Shareholders entered into the New WFOE Structured Contracts; and
- (ii) the Existing WFOE entered into the Business and Asset Transfer Agreement with the New WFOE, pursuant to which the business and certain assets of the Existing WFOE shall be transferred to the New WFOE.

Subsequently, the Existing WFOE, Nanjing YLYX and the Registered Shareholders will enter into the Termination Agreement to terminate the Existing WFOE Contractual Arrangement. Upon entering into of the Termination Agreement, the Company proposes to dispose of its entire equity interest in the registered capital of the Existing WFOE. In view of the Nanjing Xinchuang Structured Contracts, Nanjing Xinchuang will also in effect be disposed of under the Proposed Disposal. Therefore, upon completion of the Proposed Disposal, the Existing WFOE and Nanjing Xinchuang will cease to be a subsidiary of the Group.

Save for the New WFOE in replacement of the Existing WFOE in entering into the New WFOE Contractual Arrangement, the New WFOE Structured Contracts are substantially consistent with the Existing WFOE Structured Contracts. The Group will continue to carry out the Principal Business (as defined below) under the New WFOE Structured Contracts such that the Proposed Disposal would not have any material impact on the operation of the Group.

LISTING RULES IMPLICATIONS

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

The Company has sought, and the Stock Exchange has granted, the Waiver in connection with the continuing connected transactions of the Group in the form of the Existing WFOE Contractual Arrangement, subject to certain conditions as set out therein. As disclosed in the announcement of the Company dated 15 November 2024, the Existing WFOE Contractual Arrangement may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company that the Group may wish to establish, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Existing WFOE Contractual Arrangement.

Since the New WFOE Contractual Arrangement is cloned from the Existing WFOE Contractual Arrangement as provided under the conditions of the Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the New WFOE Contractual Arrangement would continue to fall within the scope of the Waiver and are exempt from (i) independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the New WFOE Contractual Arrangement; (ii) the requirement of setting an annual cap for the transactions under the New WFOE Contractual Arrangement under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the New WFOE Contractual Arrangement to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the Waiver.

INTRODUCTION

References are made to the announcement of the Company dated 15 November 2024, in relation to, among other things, the Existing WFOE Contractual Arrangement.

The Board hereby announces that on 20 February 2025:

- (i) the New WFOE, Nanjing YLYX and the Registered Shareholders entered into the New WFOE Structured Contracts; and
- (ii) the Existing WFOE entered into the Business and Asset Transfer Agreement with the New WFOE, pursuant to which the business and certain assets of the Existing WFOE shall be transferred to the New WFOE.

Subsequently, the Existing WFOE, Nanjing YLYX and the Registered Shareholders will enter into the Termination Agreement to terminate the Existing WFOE Contractual Arrangement. Upon entering into of the Termination Agreement, the Company proposes to dispose of its entire equity interest in the registered capital of the Existing WFOE. In view of the structured contracts entered into between the Existing WFOE and Nanjing Xinchuang dated 12 September 2017 and 30 December 2014 (the “**Nanjing Xinchuang Structured Contracts**”), Nanjing Xinchuang will also in effect be disposed of under the Proposed Disposal. Therefore, upon completion of the Proposed Disposal, the Existing WFOE and Nanjing Xinchuang will cease to be a subsidiary of the Group.

Save for the New WFOE in replacement of the Existing WFOE in entering into the New WFOE Contractual Arrangement, the New WFOE Structured Contracts are substantially consistent with the Existing WFOE Structured Contracts. The Group will continue to carry out the Principal Business (as defined below) under the New WFOE Structured Contracts such that the Proposed Disposal would not have any material impact on the operation of the Group.

THE NEW WFOE CONTRACTUAL ARRANGEMENT

Background of the Existing WFOE Structured Contracts and Nanjing Xinchuang Structured Contracts

The Group is primarily engaged in operation of online platform focusing on the CBM (children, babies and maternity) market (the “**Principal Business**”), which is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations.

The Existing WFOE is a company established in the PRC which is indirectly wholly-owned by the Company. The Existing WFOE is principally engaged in offline product sales and technology development services for the Group’s internal use and to support the Group’s business operation. The Existing WFOE has entered into a series of structured contracts with each of Nanjing Xinchuang and Nanjing YLYX. Thus, Nanjing Xinchuang and Nanjing YLYX are included in the Group’s consolidated financial statements as if they are the Group’s subsidiaries through the contractual arrangement.

Existing WFOE Structured Contracts

Nanjing YLYX is principally engaged in the provision of marketing and promotional services and the e-commerce business. Nanjing YLYX holds an ICP license and License for Production and Distribution of Radio or Television Programs (廣播電視節目製作經營許可證) (the “**TV License**”) which are required to carry out the Principal Business. Nanjing YLYX produces and distributes videos on its online platform to enrich the website content and attract potential customers. Foreign investors are prohibited from holding equity interest in an entity conducting radio and television programme production in the PRC.

As a result, the Existing WFOE, Nanjing YLYX and the relevant parties entered into the Existing WFOE Structured Contracts, namely the (i) exclusive business cooperation agreement, (ii) exclusive option agreement, (iii) equity interest pledge agreement, and (iv) power of attorney, to conduct the Principal Business in the PRC. For details of the Existing WFOE Contractual Arrangement, please refer to the announcement of the Company dated 15 November 2024.

Nanjing Xinchuang Structured Contracts

Nanjing Xinchuang is principally engaged in the provision of marketing and promotional services and e-commerce business. The Existing WFOE, Nanjing Xinchuang and the relevant parties entered into the Nanjing Xinchuang Structured Contracts, namely the (i) business operation agreement, (ii) exclusive technology service and management consultation agreement, (iii) shareholders' rights entrustment agreement, (iv) equity interest pledge agreement and (v) exclusive option agreement. For details of the Nanjing Xinchuang Structured Contracts, please refer to the announcement of the Company dated 28 September 2018. As at the date of this announcement, Nanjing Xinchuang only carried out minimal business operation and did not provide service to the Group as the Principal Business is substantially carried out by Nanjing YLYX.

Reasons and Benefits of the Proposed Disposal and the New WFOE Contractual Arrangement

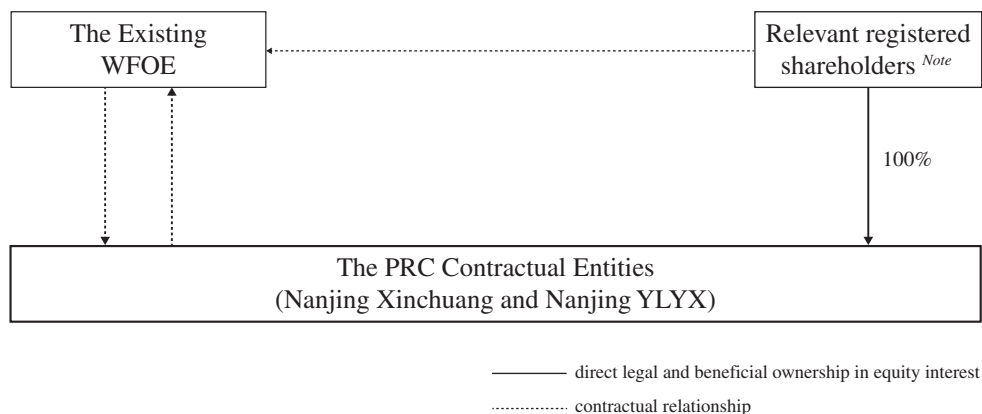
The Existing WFOE primarily provides offline product sales and technology development services for the Group's internal use and to support the Group's business operation. Upon the completion of the Proposed Disposal, the New WFOE will replace the Existing WFOE to provide these services for the Group.

Considering the financial performance and after reviewing the business and operation status of the Existing WFOE, the Company considered the Proposed Disposal will (i) not affect the business operation of the Group; (ii) strengthen the cash flow of the Group and (iii) allow the Group to improve its liquidity since the net proceeds from the Proposed Disposal will be used as the Group's general working capital.

In order to maintain the operation and control of Nanjing YLYX by the Group, on 20 February 2025, Nanjing YLYX entered into the New WFOE Structured Contracts with the New WFOE and the relevant parties with terms and conditions substantially the same as those of the Existing WFOE Structured Contracts, save for the change of entities, namely the New WFOE in replacement of the Existing WFOE. The Group will continue to carry out the Principal Business under the New WFOE Structured Contracts such that the Proposed Disposal would not have any material impact on the operation of the Group.

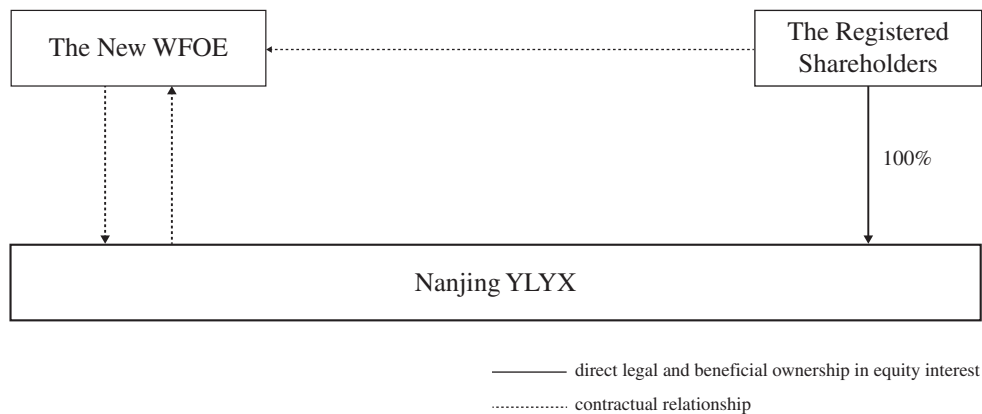
Structure of the Existing WFOE Contractual Arrangement and the New WFOE Contractual Arrangement

The following simplified diagram illustrates the Group's Existing WFOE Contractual Arrangement and Nanjing Xinchuang Contractual Arrangement prior to the entering of the New WFOE Structured Contracts:



Note: The registered shareholders of Nanjing Xinchuang are Mr. Cheng Li, the executive Director, and Ms. Li Juan. The registered shareholders of Nanjing YLYX are LLP1 (南京希藍信息技術合夥企業(有限合夥)) and LLP2 (南京希蘭信息技術合夥企業(有限合夥)).

The following simplified diagram illustrates the Group's New WFOE Contractual Arrangement immediately after the New WFOE Structured Contracts come into effect:



Details of the New WFOE Structured Contracts

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

1. Exclusive Business Cooperation Agreement

The New WFOE and Nanjing YLYX entered into an exclusive business cooperation agreement (the “**Exclusive Business Cooperation Agreement**”) with the following terms:

Parties: (1) the New WFOE; and

(2) Nanjing YLYX

Term: The Exclusive Business Cooperation Agreement shall remain effective unless (1) terminated by the New WFOE in accordance with the provisions of the Exclusive Business Cooperation Agreement; (2) Nanjing YLYX is bankrupt, liquidated or dissolved; (3) all the equity interest of Nanjing YLYX has been legally transferred to the New WFOE or the nominee(s) designated by the New WFOE; or (4) the New WFOE is permitted under the PRC laws to directly hold the equity interest of Nanjing YLYX and to engage in the business of Nanjing YLYX and its subsidiaries (if any).

Subject: Nanjing YLYX agrees to engage the New WFOE as its exclusive provider of various services including but not limited to management consultancy, technology and software research and development, technical consultation, promotion planning and market promotion.

The Exclusive Business Cooperation Agreement provides that without the prior written approval from the New WFOE, Nanjing YLYX shall not and shall procure its subsidiaries (if any) not to, accept the same or similar services provided by any third party, except for any parties designated by the New WFOE.

The Exclusive Business Cooperation Agreement further provides that the New WFOE shall have the exclusive ownership of all intellectual property rights developed or created during the performance of the Exclusive Business Cooperation Agreement.

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

2. Exclusive Option Agreement

The New WFOE, the Registered Shareholders and Nanjing YLYX entered into an exclusive option agreement (the “**Exclusive Option Agreement**”) with the following terms:

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

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

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

3. Equity Interest Pledge Agreement

The New WFOE, the Registered Shareholders and Nanjing YLYX entered into an equity interest pledge agreement (the “**Equity Interest Pledge Agreement**”) with the following terms:

Parties: (1) the New WFOE, as pledgee;

(2) the Registered Shareholders, as pledgers; and

(3) Nanjing YLYX

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

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

4. Power of Attorney

Each of the Registered Shareholders entered into a power of attorney (the “**Power of Attorney**”) with the following terms:

Parties: the Registered Shareholders

Term: The Power of Attorney shall remain effective and terminate upon (1) the New WFOE gives a prior notice in writing; (2) the New WFOE is permitted under the PRC laws to directly hold the equity interest of Nanjing YLYX and engage in the business of Nanjing YLYX and its subsidiaries; or (3) the New WFOE or its assignee exercise its rights under the Exclusive Option Agreement to purchase all of the equity interest and assets in Nanjing YLYX and engage in the business of Nanjing YLYX and its subsidiaries (if any).

Subject: Each of the Registered Shareholders irrevocably and unconditionally appoints the New WFOE or its designated persons to act as its exclusive attorney on its behalf to exercise all rights in connection with matters concerning its rights as a shareholder of Nanjing YLYX, including but not limited to:

- (1) attending shareholders’ meeting of Nanjing YLYX and signing the minutes and resolutions of the meetings on behalf of the relevant Registered Shareholder;
- (2) exercising the right to vote as shareholders of Nanjing YLYX or disposing and dealing with equity interest of Nanjing YLYX held by the relevant Registered Shareholder;
- (3) appointing or electing the legal representatives, directors, supervisors, general managers or other senior management of Nanjing YLYX on behalf of the relevant Registered Shareholder;
- (4) signing and keeping the legal documents of Nanjing YLYX on behalf of the relevant Registered Shareholder and filing documents with the relevant governmental authority; and
- (5) exercising all other shareholder’s rights as specified in the relevant PRC laws and regulations and the constitutional documents of Nanjing YLYX on behalf of the relevant Registered Shareholder.

Other Key Terms Thereunder

Dispute Resolution

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

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

Arrangements to Address Potential Conflicts of Interest

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

Liquidation

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

Insurance

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

COMPLIANCE OF THE NEW WFOE CONTRACTUAL ARRANGEMENT WITH PRC LAWS AND REGULATIONS

Upon execution of the New WFOE Structured Contracts, Nanjing YLYX shall continue to carry out the provision of marketing and promotional services and the e-commerce business with its ICP License and TV License, which is consistent with its business under the Existing WFOE Contractual Arrangement. The PRC Legal Advisor is of the view that foreign investors are prohibited from holding any equity interest in an entity with TV License in the PRC.

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

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

INTERNAL CONTROL MEASURES

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

- (1) the relevant business units and operation division of the Group will report regularly, which will be no less frequent than on a monthly basis, to the senior management of the Company on the compliance and performance conditions under the New WFOE Contractual Arrangement;
- (2) major issues arising from the implementation and compliance with the New WFOE Contractual Arrangement or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (3) the Board will review the overall performance of and compliance with the New WFOE Contractual Arrangement at least once a year;
- (4) the Company will disclose the overall performance and compliance with the New WFOE Contractual Arrangement in the annual reports; and
- (5) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the New WFOE Contractual Arrangement and review the legal compliance of the New WFOE and Nanjing YLYX to deal with specific issues or matters arising from the New WFOE Contractual Arrangement.

FINANCIAL IMPLICATIONS OF THE NEW WFOE CONTRACTUAL ARRANGEMENT

The Company has discussed with its auditor and confirmed that (i) the financial results of the New WFOE will be consolidated in the Company's consolidated financial statements and (ii) it has the right to consolidate Nanjing YLYX's financial results upon the execution of the New WFOE Structured Contracts under the prevailing accounting principles.

RISKS AND LIMITATIONS RELATING TO THE NEW WFOE CONTRACTUAL ARRANGEMENT

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

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

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

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

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

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

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

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

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

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

However, the PRC Legal Advisor is of the view that pursuant to the PRC laws, the SIETAC may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of Nanjing YLYX. In addition, even though the New WFOE Contractual Agreement provides that overseas courts in Hong Kong and the Cayman Islands shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that Nanjing YLYX or any of the Registered Shareholders breaches the terms of the New

WFOE Contractual Arrangement, the New WFOE may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Nanjing YLYX could be materially and adversely affected.

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

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

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

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

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

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

BOARD’S VIEW ON THE NEW WFOE CONTRACTUAL ARRANGEMENT

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

- (i) the New WFOE Contractual Arrangement is narrowly tailored because the New WFOE Contractual Arrangement is only used to enable the Group to conduct businesses in industries that are subject to foreign investment restrictions and prohibitions in the PRC and has minimized the potential conflict with relevant PRC laws and regulations;
- (ii) the Company will maintain effective control over and receive all the economic benefits generated by Nanjing YLYX upon completion of the Proposed Disposal and the entering into of the New WFOE Structured Contracts;
- (iii) as advised by the PRC Legal Advisor, each of the New WFOE Structured Contracts is legally binding on all parties under the PRC laws once the New WFOE Structured Contracts are duly executed by the relevant parties, except for some special circumstances. Please refer to the sections headed “Compliance of the New WFOE Contractual Arrangement with PRC Laws and Regulations” in this announcement for further details;
- (iv) the New WFOE Contractual Arrangement and the transactions contemplated thereunder are fair and reasonable because the New WFOE Contractual Arrangement was cloned from the Existing WFOE Contractual Arrangement;
- (v) the Proposed Disposal has no material impact on the Company’s financial position or financial results and would not have a significant impact on the Company’s business operation; and
- (vi) the setting up of the New WFOE, the entering into of the New WFOE Contractual Arrangement and the Proposed Disposal are fundamental to the long-term business operation of the Group, and the transactions contemplated thereunder have been and will be entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

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

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

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

The Group is principally engaged in (i) the provision of marketing and promotional services through the Group's platform, including CI Web, mobile CI Web, mobile application software and IPTV APPs and (ii) sale of goods in China.

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

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

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

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

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

LISTING RULES IMPLICATIONS

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

The Company has sought, and the Stock Exchange has granted, the Waiver in connection with the continuing connected transactions of the Group in the form of the Existing WFOE Contractual Arrangement, subject to certain conditions as set out therein. As disclosed in the announcement dated 15 November 2024, the Existing WFOE Contractual Arrangement may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company that the Group may wish to establish, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Existing WFOE Contractual Arrangement.

Since the New WFOE Contractual Arrangement are cloned from the Existing WFOE Contractual Arrangement as provided under the conditions of the Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, the New WFOE Contractual Arrangement would continue to fall within the scope of the Waiver and are exempt from (i) independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the New WFOE Contractual Arrangement; (ii) the requirement of setting an annual cap for the transactions under the New WFOE Contractual Arrangement under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the New WFOE Contractual Arrangement to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the Waiver.

The Company will comply with the Listing Rules and make further announcement(s) in connected with the Proposed Disposal as and when appropriate or if required under the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business and Asset Transfer Agreement”	the business and asset transfer agreement entered into between the New WFOE and the Existing WFOE
“Company”	China Parenting Network Holdings Limited, an exempted company incorporated in the Cayman Islands on 13 October 2014 as with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1736)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing WFOE”	Xibai (Nanjing) Information Technology Co., Ltd.* (矽柏(南京)信息技術有限公司), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company
“Existing WFOE Contractual Arrangement”	the series of contractual arrangement entered into by, among others, the Existing WFOE, Nanjing YLYX and the Registered Shareholders, as described in the announcement of the Company dated 15 November 2024

“Existing WFOE Structured Contracts”	the business cooperation agreement, the exclusive technology service and management consultation agreement, the shareholders’ rights entrustment agreement, the equity interest pledge agreement and the exclusive option agreement entered into by and/or among the Existing WFOE, Nanjing YLYX and the Registered Shareholders (as the case may be)
“GP Company”	南京希瀾信息技術有限公司, a limited liability company established in the PRC and the general partner of the LLP1 and the LLP2
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LLP1”	南京希藍信息技術合夥企業(有限合夥), a limited partnership established in the PRC and one of the Registered Shareholders
“LLP2”	南京希蘭信息技術合夥企業(有限合夥), a limited partnership established in the PRC and one of the Registered Shareholders
“Nanjing Xinchuang”	南京芯創微機電技術有限公司 (Nanjing Xinchuang Micro Machinery and Electric Technology Company Limited*), a limited liability company established in the PRC and is deemed to be an indirect wholly-owned subsidiary of the Company pursuant to the Nanjing Xinchuang Contractual Arrangement
“Nanjing Xinchuang Contractual Arrangement”	the series of contractual arrangement entered into by, among others, the Existing WFOE, Nanjing Xinchuang and the registered shareholders of Nanjing Xinchuang pursuant to the Nanjing Xinchuang Structured Contracts
“Nanjing YLYX”	Nanjing Yilaoyixiao Information Technology Co., Ltd.* (南京怡老怡小信息技術有限公司), a limited liability company established in the PRC and is deemed to be an indirect wholly-owned subsidiary of the Company pursuant to the Existing WFOE Structured Contracts
“New WFOE”	Nanjing Yiran Information Technology Co., Ltd.* (南京怡然信息技術有限公司), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company

“New WFOE Contractual Arrangement”	the series of contractual arrangement to be entered into by, among others, the New WFOE, Nanjing YLYX and the Registered Shareholders, details of which are described in the section headed “THE NEW WFOE CONTRACTUAL ARRANGEMENT” in this announcement
“New WFOE Structured Contracts”	the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Equity Interest Pledge Agreement and the Power of Attorneys entered into by and/or among the New WFOE, Nanjing YLYX and the Registered Shareholders (as the case may be)
“Registered Shareholders”	the shareholders of Nanjing YLYX, namely LLP1 and LLP2
“PRC”	the People’s Republic of China
“PRC Legal Advisor”	King & Wood Mallesons Beijing, the legal advisor to the Company as to the PRC laws
“Proposed Disposal”	the proposed disposal of the entire equity interest in the registered capital of the Existing WFOE by the Company
“Prospectus”	the prospectus of the Company dated 30 June 2015
“Share(s)”	ordinary share(s) of nominal value of HKD0.05 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement to be entered into by the Existing WFOE, Nanjing YLYX and the Registered Shareholders to terminate the Existing WFOE Contractual Arrangement

“Waiver”

the waiver granted by the Stock Exchange to the Company from strict compliance with (i) the announcement and independent Shareholder’s approval requirements under Chapter 14A of the Listing Rules (Chapter 20 of the GEM Listing Rules) in respect of the transactions under the Existing WFOE Contractual Arrangement; (ii) the requirements of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to the Group under the Existing WFOE Contractual Arrangement; and (iii) the requirement of limiting the term of the Existing WFOE Contractual Arrangement to three years or less, for so long as the Shares are listed on the Stock Exchange and subject to certain conditions, details of which are set out in the section headed “Connected Transactions” of the Prospectus

* *For identification purpose only*

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

Nanjing, the People’s Republic of China, 20 February 2025

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