Century Sage Scientific Holdings Limited
世紀睿科控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1450)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 19.0% to RMB748.5 million for the year ended 31 December 2014 (the "**Current Period**" or "**Reporting Period**") from RMB628.8 million for the year ended 31 December 2013 (the "**Corresponding Period**").
- Gross profit increased by approximately 19.3% to RMB231.0 million for the Reporting Period from RMB193.6 million for the Corresponding Period.
- Net profit increased by approximately 24.8% to RMB97.1 million for the Reporting Period from RMB77.8 million for the Corresponding Period.
- The Board proposes the distribution of final dividend of HK$3.9 cents (equivalent to RMB3.1 cents) per share for the Reporting Period.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Century Sage Scientific Holdings Limited (the "**Company**") is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively, the "**Group**") for the Reporting Period, together with the comparative figures for the Corresponding Period. The consolidated final results of the Group have been audited by the Company's auditors, PricewaterhouseCoopers, and have been reviewed by the audit committee of the Board (the "**Audit Committee**").

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**748,535**	628,758
Cost of sales	*3*	**(517,583)**	(435,198)
Gross profit		**230,952**	193,560
Selling expense	*4*	**(32,567)**	(33,356)
Administrative expenses	*4*	**(78,051)**	(62,928)
Other (loss)/gains — net		**(821)**	361
Operating profit		**119,513**	97,637
Finance income		**925**	84
Finance costs		**(8,298)**	(3,575)
Finance costs — net	*5*	**(7,373)**	(3,491)
Profit before income tax		**112,140**	94,146
Income tax expense	*6*	**(15,087)**	(16,391)
Profit for the year		**97,053**	77,755
Profit attributable to:			
— Owners of the Company		**97,053**	77,755
— Non-controlling interests		**–**	–
		97,053	77,755
Earnings per share (expressed in RMB cents per share)			
— Basic and Diluted	*14*	**11.14**	10.37
Dividends	*15*	**31,000**	60,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**97,053**	77,755
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(1,783)**	(27)
Other comprehensive loss for the year, net of tax	**(1,783)**	(27)
Total comprehensive income for the year	**95,270**	77,728
Attributable to:		
— Owners of the Company	**95,270**	77,728
— Non-controlling interests	**–**	–
	95,270	77,728

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment	*7*	**58,002**	59,890
Intangible assets	*8*	**20,736**	–
Deferred income tax assets		**3,277**	2,595
Available-for-sale financial assets		**–**	4,189
Prepayments		**5,000**	–
Other non-current assets		**1,355**	1,376
		88,370	68,050
Current assets			
Inventories	*10*	**170,542**	386,970
Trade and other receivables	*9*	**348,362**	112,907
Pledged bank deposits		**6,668**	9,206
Cash and cash equivalents		**119,708**	53,878
		645,280	562,961
Total assets		**733,650**	631,011
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**7,933**	1
Share premium		**252,286**	70,674
Other reserves		**(64,732)**	(68,729)
Retained earnings		**190,098**	93,045
		385,585	94,991
Non-controlling interests		**–**	–
Total equity		**385,585**	94,991

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	*12*	**–**	4,624
Deferred income tax liabilities		**1,821**	–
		1,821	4,624
Current liabilities			
Trade and other payables	*11*	**209,306**	435,191
Current income tax liabilities		**47,048**	42,661
Borrowings	*12*	**89,890**	53,544
		346,244	531,396
Total liabilities		**348,065**	536,020
Total equity and liabilities		**733,650**	631,011
Net current assets		**299,036**	31,565
Total assets less current liabilities		**387,406**	99,615

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Cash flows from operating activities		
Net cash generated from operating activities	**(76,923)**	35,085
Cash flows from investing activities		
Net cash used in investing activities	**(14,452)**	(22,140)
Cash flows from financing activities		
Net cash used in from financing activities	**161,266**	5,660
Net increase in cash and cash equivalents	**69,891**	18,605
Cash and cash equivalents at beginning of year	**53,878**	35,026
Exchange losses on cash and cash equivalents	**(4,061)**	247
Cash and cash equivalents at end of the year	**119,708**	53,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Century Sage Scientific Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 18 December 2012 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (the "**Group**") are principally engaged in the provision of (i) content production, broadcasting and transmission application solutions, (ii) sport event broadcast services, (iii) system maintenance services and (iv) the development and sales of broadcast and transmission equipment, as well as other related services, for the All-Media industry in the PRC (the "**Listing Business**"). The Group has operations mainly in the mainland China.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited on 7 July 2014.

These financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

The consolidated financial statements were approved for issue by the Board on 25 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout the periods, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets at fair value through profit or loss.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (Note 4).

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014:

Amendment to IAS/HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS/HKAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS/HKAS 36 by the issue of IFRS/HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to IAS/HKAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS/HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no significant impact on the group financial statements as a result.

IFRIC/HK (IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS/HKAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

(b) *New standards and interpretations not yet adopted*

New and revised standards, amendments and interpretations have been issued and are relevant to the Group but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefit plans: employee contributions	1 July 2014
Annual improvements 2012	Changes from the 2010–2012 cycle of the annual improvements project	1 July 2014
Annual improvements 2013	Changes from the 2011–2013 cycle of the annual improvements project	1 July 2014
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Changes from the 2012–2014 cycle of the annual improvements project	1 July 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The Group is in the process of making an assessment of the impact of the above new standards and amendments to existing standards and based on the preliminary results of assessment, the Group currently does not expect the adoption of these standards and amendments would have a significant impact on its results of operations and financial position.

3 SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") mainly include the board of directors, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the CODM considers the business from both business and geographical perspective.

The Group has the following reportable segments during the year:

- Application solutions (including "Production and broadcast" and "Transmission")
- Sport event broadcast services
- System maintenance services
- Equipment development and sales

The CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling expenses, administrative expenses and finance cost are common costs incurred for the operating segment as a whole and therefore they are not included in the measure of the segments' performance which is used by the CODM.

The segment information provided to the CODM for the reportable segments during the year is as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Segment revenue		
Application solutions		
— Production and broadcast	**420,500**	365,396
— Transmission	**212,387**	176,089
Subtotal	**632,887**	541,485
Sport event broadcast services	**55,894**	48,836
System maintenance services	**27,165**	10,326
Equipment development and sales	**32,589**	28,111
Total	**748,535**	628,758
Segment cost		
Application solutions		
— Production and broadcast	**(316,418)**	(273,698)
— Transmission	**(143,402)**	(120,240)
Subtotal	**(459,820)**	(393,938)
Sport event broadcast services	**(29,235)**	(26,101)
System maintenance services	**(13,179)**	(5,141)
Equipment development and sales	**(15,349)**	(10,018)
Total	**(517,583)**	(435,198)

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Segment gross profit		
Application solutions		
— Production and broadcast	**104,082**	91,698
— Transmission	**68,985**	55,849
Subtotal	**173,067**	147,547
Sport event broadcast services	**26,659**	22,735
System maintenance services	**13,986**	5,185
Equipment development and sales	**17,240**	18,093
Total	**230,952**	193,560
Depreciation		
Application solutions		
— Production and broadcast	**5,332**	4,844
— Transmission	**2,693**	2,334
Subtotal	**8,025**	7,178
Sport event broadcast services	**709**	647
System maintenance services	**344**	137
Equipment development and sales	**413**	373
Total	**9,491**	8,335

For the Reporting Period, only one customer which is located in the PRC, accounted for greater than 10% of the Group's total revenues:

	Year ended 31 December			
	2014		2013	
	Amount	**% of total revenue**	Amount	% of total revenue
	RMB'000		*RMB'000*	
Customer A	**102,583**	**14%**	240,377	38%

Substantial amount of revenues of the Group were derived from the business carried out in the PRC. The revenue from external customers in the PRC and other countries and districts are disclosed as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Mainland China	**721,371**	577,776
Macau	**12,478**	28,483
Hong Kong	**10,414**	22,499
Others	**4,272**	–
	748,535	628,758

4 EXPENSE BY NATURE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Equipment costs	**465,632**	370,054
Servicing and agency costs	**23,304**	29,914
Employee benefit expenses	**54,852**	52,436
Transportation costs	**8,730**	8,954
Business tax and other transaction taxes	**3,245**	3,523
Depreciation expense *(Note 7)*	**9,491**	8,335
Amortisation expenses of Intangible assets *(Note 8)*	**169**	–
Business development	**7,644**	10,291
Travelling and transportation expenses	**11,121**	12,389
Exhibition and conference	**3,052**	3,273
Advertising costs	**1,122**	1,453
Research and development	**4,619**	5,275
Auditor's remuneration	**2,500**	1,173
Legal fee and professional charges	**2,162**	8,875
Operating lease rentals	**3,137**	3,386
Office expenses	**4,994**	4,429
Provision for inventory obsolescence	**(335)**	88
Provision for bad debts	**507**	46
Bank charges	**1,184**	744
Share insurance cost	**19,091**	–
Others	**1,980**	6,844
	628,201	531,482

5 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Finance costs		
— Bank borrowings wholly repayable within 5 years	**(4,237)**	(3,575)
— Net foreign exchange loss	**(4,061)**	–
	(8,298)	(3,575)
Finance income		
— Interest income on short-term bank deposits	**925**	84
Net finance costs	**(7,373)**	(3,491)

6 TAXATION

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current income tax — PRC enterprise income tax	**16,955**	17,161
Adjustments in respect of prior years	**(2,155)**	–
Withholding income tax	**1,000**	–
Deferred income tax *(Note 13)*	**(713)**	(770)
Income tax expense	**15,087**	16,391

Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax.

BVI income tax

The Company's subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from the British Virgin Islands income tax.

Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate at 16.5% for the Reporting Period and Corresponding Period on the estimated assessable profit for the year. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the two years.

PRC enterprise income tax ("EIT")

Entities incorporated in the PRC are subject to EIT. According to the EIT law effective from 1 January 2008, all PRC enterprises are subject to a standard enterprise income tax rate of 25%, except for enterprises who are allowed to enjoy the preferential policies and provisions as discussed below:

CSS Beijing and TST Beijing have obtained the High and New Technology Enterprise ("**HNTE**") qualification, in which the applicable income tax rate during the approved period is 15%. Details of the HNTE qualification are summarized as follows:

Entities	**HNTE Certification Period**
CSS Beijing	From 30 October 2012 to 30 October 2015
TST Beijing	From 5 December 2013 to 5 December 2016

CTL Beijing obtained a "Software Production Enterprise" qualification in 2012. According to the law on corporate income tax Caishui201227 and Guofa20114, CTL Beijing is entitled to enjoy the preferential taxation policy of "two year exemptions and three year 50% reduction on EIT". Hence, the applicable EIT tax rate for CTL Beijing is 0% for the years ended 31 December 2012 and 2013, and 12.5% for the years ending 31 December 2014, 2015 and 2016.

PRC withholding tax

In addition, according to the EIT Law, dividends, interests, rent, royalties and gains on transfers of property received by a foreign enterprise, i.e. a non China tax resident enterprise, will be subject to PRC withholding tax at 10% or a reduced treaty rate depending on provisions of tax treaty entered between the PRC and the jurisdiction where the foreign enterprise incorporated. The withholding tax rate is 5% for the parent company in Hong Kong if the parent company is the beneficial owner of the dividend received from the invested enterprises in the PRC and obtained the approval of enjoying the treaty rate from the PRC tax authorities. The withholding tax imposed on the dividend income received from the Group's PRC entities will reduce the Company's net income.

Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The relevant group companies have successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% corporate income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Vehicles and machinery *RMB'000*	Furniture fittings and other equipment *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2013	55,651	9,366	9,321	74,338
Additions	304	2,622	786	3,712
At 31 December 2013	55,955	11,988	10,107	78,050
Accumulated depreciation				
At 1 January 2013	(2,773)	(3,087)	(3,965)	(9,825)
Charge for the year *(Note 4)*	(3,742)	(2,583)	(2,010)	(8,335)
At 31 December 2013	(6,515)	(5,670)	(5,975)	(18,160)
Net book value				
At 31 December 2013	49,440	6,318	4,132	59,890
Cost				
At 1 January 2014	**55,955**	**11,988**	**10,107**	**78,050**
Additions	**1,053**	**3,204**	**2,549**	**6,806**
Disposals	**–**	**(411)**	**(74)**	**(485)**
Acquisition of a subsidiary	**–**	**–**	**1,102**	**1,102**
At 31 December 2014	**57,008**	**14,781**	**13,684**	**85,473**
Accumulated depreciation				
At 1 January 2014	**(6,515)**	**(5,670)**	**(5,975)**	**(18,160)**
Disposals	**–**	**174**	**6**	**180**
Charge for the year *(Note 4)*	**(4,146)**	**(4,163)**	**(1,182)**	**(9,491)**
At 31 December 2014	**(10,661)**	**(9,659)**	**(7,151)**	**(27,471)**
Net book value				
At 31 December 2014	**46,347**	**5,122**	**6,533**	**58,002**

8 INTANGIBLE ASSETS — GROUP

	Goodwill *RMB'000*	Computer software *RMB'000*	Customer relationships *RMB'000*	Technical Knowhow *RMB'000*	Total *RMB'000*
Year ended 31 December 2014					
Opening net book amount	–	–	–	–	–
Additions	–	207	–	–	207
Acquisition of a subsidiary	12,100	2,798	4,609	1,191	20,698
Amortisation charge *(Note 4)*	–	(72)	(77)	(20)	(169)
Closing net book amount	**12,100**	**2,933**	**4,532**	**1,171**	**20,736**
At 31 December 2014					
Cost	12,100	3,005	4,609	1,191	20,905
Accumulated amortisation	–	(72)	(77)	(20)	(169)
Net book value	**12,100**	**2,933**	**4,532**	**1,171**	**20,736**

9 TRADE AND OTHER RECEIVABLES

Trade and other receivables — Group

	Year ended 31 December	
	2014 *RMB'000*	2013 *RMB'000*
Included in non-current assets		
Prepayments	**5,000**	–
Included in current assets		
Trade receivables	**278,674**	42,416
Less: provision for impairment of trade receivable	**(849)**	(342)
Trade receivables — net	**277,825**	42,074
Other receivables		
Amount due from customers for contract work	**1,365**	472
Deposit for guarantee certificate over tendering and performance	**13,278**	14,631
Amounts due from shareholders/directors	**–**	3,390
Prepayments	**38,001**	26,615
Value-added tax receivables	**–**	5,556
Cash advance to employees	**7,818**	4,975
Others	**10,075**	15,194
Current portion	**348,362**	112,907
	353,362	112,907

Movements on the Group provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
At beginning of the year	**(342)**	(296)
Provision for impairment	**(507)**	(46)
At end of the year	**(849)**	(342)

10 INVENTORIES

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Equipments and parts	**60,020**	52,076
Work in progress	**112,507**	337,214
Provision for inventory	**(1,985)**	(2,320)
	170,542	386,970

11 TRADE AND OTHER PAYABLES

Trade and other payables — Group

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade payables	**34,602**	93,420
Amounts due to customers for contract work	**178**	514
Advances from customers	**101,800**	239,095
Employee benefits payable	**7,037**	11,011
Other taxes payable	**56,608**	20,860
Amounts due to shareholders/directors	**–**	16
Dividends payable	**–**	60,000
Receipt in advance	**510**	–
Accrual for professional service fee	**2,193**	2,400
Others	**6,378**	7,875
	209,306	435,191

12 BORROWINGS

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Non-current		
Bank borrowings	**–**	4,624
Current		
Bank borrowings	**89,890**	53,544
Total borrowings	**89,890**	58,168

13 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	**3,277**	2,595
Deferred tax liabilities:		
— Deferred tax liabilities to be recovered after more than 12 months	**1,821**	–
Deferred tax assets — net	**1,456**	2,595

14 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2014	2013
Profit attributable to owners of the Company *(in RMB'000)*	**97,053**	77,755
Weighted average number of ordinary shares in issue *(in thousands)*	**871,233**	750,000
Basic earnings per share *(RMB cents per share)*	**11.14**	10.37

(b) Diluted

There is no dilution to earnings per share during the Reporting Period and Corresponding Period because there were no potential dilutive ordinary shares existing during the Reporting Period and Corresponding Period. The diluted earnings per share equal the basic earnings per share.

15 DIVIDENDS

The Company declared and paid a final dividend of RMB60,000,000 for the year ended 31 December 2013 to the shareholders in June 2014.

The directors recommend the payment of a final dividend of HK$3.9 cents (equivalent to RMB3.1 cents) per share for the year ended 31 December 2014, totaling HK$39,000,000 (equivalent to RMB31,000,000). Such dividend is to be approved by the shareholders at the forthcoming annual general meeting of the Company. The dividends was not recognised as a liability as at 31 December 2014.

16 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

Group	**Year ended 31 December**	
	2014	2013
	RMB'000	*RMB'000*
Technical knowhow and relevant development services	**10,000**	–

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	**Year ended 31 December**	
	2014	2013
	RMB'000	*RMB'000*
No later than 1 year	**1,217**	1,242
Later than 1 year and no later than 2 years	**738**	575
Later than 2 year and no later than 3 years	**554**	814
	2,509	2,631

MANAGEMENT DISCUSSION AND ANALYSIS

Benefiting from the favorable government policies in the People's Republic of China (the "**PRC**"), the sustained demand in the market and the increase in completion of services and projects during the Current Period, the Group has a growth of over 19.0% in revenue of RMB748.5 million and 24.8% in the net profit of RMB97.1 million in the Current Period as compared to the Corresponding Period. When excluding the one-off IPO expenses incurred in the Current Period, the Group has achieved a year-on-year growth of over 49.4% in net profit in the Current Period as compared to the Corresponding Period.

BUSINESS REVIEW

The Group is a leading China-based one-stop provider of high-end all-media application solutions in the PRC. The Group provides television stations, internet service providers, and other media content providers with the infrastructure or avenues to facilitate the completion of their content sourcing, production and broadcast. The Group's business is made up of four main business segments: (1) application solutions; (2) sports event broadcast services; (3) equipment development and sales; and (4) system maintenance services. Riding on the Group's comprehensive range of high quality services and products, strong technical expertise, proven track record and reputation, the Group strived to continue to lead the new media market.

The PRC government's push for high definition ("**HD**") migration continue to be a key driver for the growth, the development of new media and integration of new and traditional media, the three-network convergence, the next generation broadcasting network, which were in line with the PRC government's policies. There are also government decisions and policies launched during the Current Period which are expected to further fuel up the market demand, for example:

(a) to strengthen the soft power of the nation, on 1 January 2014 — President Xi Jinping ("**Xi**") has vowed to promote China's cultural soft power by disseminating modern Chinese values and showing the charm of Chinese culture to the world. Efforts are needed to build China's national image, Xi said when delivering a speech at a group study session of members of the Political Bureau of the Communist Party of China Central Committee. To strengthen China's soft power, the country needs to build its capacity in international communication, construct a communication system, better use the new media and increase the creativity, appeal and credibility of China's publicity, Xi said. "The stories of China should be well told, voices of China well spread, and characteristics of China well explained," Xi said.

(b) in mid-August 2014, Xi said in the fourth meeting of the Leading Group for Overall Reform that China will build several new-type media groups that are strong, influential and credible. Traditional media and new media must complement each other and their integration should cover content, channels, platforms, operations and management, Xi said. Integration should be supported by technology and follow the rules of news communication and laws governing the development of new media. The PRC government will be promoting the integration of traditional and new media across the nation.

(c) the work report delivered by Chinese Premier Li Keqiang at the opening meeting of the annual full session of the National People's Congress (NPC) on 5 March 2015, also highlighted the direction to deepen the reform of cultural industry and to accelerate the integration of traditional and new media. Another highlight is to conduct more for the international cultural communications and to strengthen the communications infrastructures and power to the world.

The Directors consider that the above examples provided a host of lucrative opportunities to the Group. In the "application solutions" business segment, we have continued to receive repeat orders from our long term customers for the high-definition TV upgrade and content creation upgrade projects. We have also finished several projects with some leading new media operators.

"Sports Event broadcast services" is a business segment involving customising packages that the Group provides for live broadcast events, such as engineering design, on-site operation and technical support services to the customer's content production team and leasing of equipment for the event based on the needs of host broadcasters and their content production teams. More and more world class sports events are held in the PRC, and more and more of them called for high quality live broadcast services. For example, since 2012, the live broadcast cycling races which the Group provided broadcast services to increases from one event to five events in 2014. We have also been involved in providing broadcast services to some of the running events and athletics events in the PRC in 2014. The Group will continue to seize the growing broadcasting service demands from the increasing numbers of athletic and large-scale events in the PRC.

"Equipment development and sales" business segment is a natural extension from "application solutions" and "sports event broadcast services" segments. Leveraging on its insight of the broadcasting industry gained from its relationships with broadcasters and content providers when providing its "application solutions" services and "sports event broadcast services", the Group has been developing broadcast and transmission equipment since 2010.

For this segment, we have successfully achieved widespread geographic coverage in 2014. We have shipped to Tibet and Sichuan Kangba, which are on the west side of the nation. We have also successfully sold systems to Chile, Indonesia, India and Mexico to name just a few of our international sales. We noted a strong momentum in the international sales, in particular, 3G/LTE and satellite products. Moreover, our products have been growing into a wide product portfolio of video transmissions hardware, as well as the interactive video solutions based on software platform, which enable us to capture different market segments in addition to the all-media industry.

The revenue growth of our "system maintenance services" business segments increased by 163.1% in the Current Period as compared with the Corresponding Period, indicating the growing sizes of the application solutions market and the increasing demand for the Group's recurring onsite support services during the Current Period.

As disclosed in the announcement of the Company dated 1 September 2014, CCTV Kehua Co., Ltd.* (中視科華有限公司) (the "**Customer**") has also entered into a strategic framework agreement (the "**Framework Agreement**") with the Group in 2013 in relation to a long term strategic cooperation relationship with the Group in the PRC as well as in the global market. Pursuant to the Framework Agreement, the Group shall provide to the clients, among others, technology consultancy services, application solutions services and various forms of equipment leasing and services, while the Customer shall provide design services, operation and maintenance services to the clients with its capital funding and technical capacity. The strategic cooperation aims to jointly offer to the market with professional services, marketing, and technology development. Please refer to the announcement for further details.

As disclosed in the announcement of the Company dated 29 October 2014, Century Sage Scientific Group Limited ("**CSSGL**"), a wholly-owned subsidiary of the Company, entered into a technology transfer agreement (the "**Transfer Agreement**") with IPOINT Media Ltd ("**IPOINT**"), an Israeli company principally engaged in development and sales of video calling platforms. Pursuant to the Transfer Agreement, IPOINT agreed to transfer the technology of IPOINT interactive video application platforms (the "**Platforms**") to CSSGL, with certain versions of the Platforms subject to territorial-based restrictions on exclusivity of the usage and ownership. Please refer to the announcement for further details.

As disclosed in the announcement of the Company dated 2 December 2014, CSSGL entered into an exclusive distributorship agreement with Gyro-Stabilized Systems, LLC ("**GSS**") allowing CSSGL to be the exclusive distributor and exclusive service agent for GSS in the commercial and governmental markets in China, Hong Kong, Macau, Taiwan and Southeast Asia for a three-year term subject to renewal. GSS was incorporated in California, the United States of America and was principally engaged in development and sales of gyro-stabilized technological products. Please refer to the announcement for further details.

FUTURE OUTLOOK

Looking ahead, the Group is confident about the future development of the all-media industry in the PRC as it will be driven by the increase in market demand and support from government policies. The Group will strive to maintain its leading position as the prominent one-stop solutions provider of all-media industry in the PRC. In addition, leveraging the Group's market resources and technology knowhow, the Group will continue to explore new business opportunities in the all-media industry, the sports industry and the Smart City Project such as intelligent infrastructure applications in the security and protection, medical, urban administration, etc.

In the application solutions segment, the Group will continue to grow and expand its coverage in the mainland China, and when the Directors consider appropriate, to certain selected countries. Foreseeing the digitalisation, HDTV conversions, and content creation upgrade as the key drivers of the rapid market growth, the Group will expand its sales, distribution and services network in the PRC. The Group will also continue to expand its product and services offerings.

* *for identification purpose only*

In addition to the growth drivers mentioned above, since 2012, under the Country "Twelfth Five Year Plan" period of cultural reform and development plan outline《國家「十二五」時期文化改革發展規劃綱要》, the PRC government has been introducing the idea of funding to enrich the development of the cultural industry including the all media industry. Under this circumstances, many media operators have been undergoing restructuring and embracing the new energy from the funding. Typical example is the merging of the two listed companies at the Shenzhen Start-up Board (創業版) in January 2015. Media companies shall leverage the capital market to further speed up their investment and development. Also, the policies that facilitate society to take part in the media industries shall yield some new business opportunities that was not possible before. Leveraging on our experiences in the all-media technology, multiscreen technology, internet video and mobile technology, and our track record and reputation in the industry, we strived to explore more business opportunities up and downstream such as program production and O2O business. In summary, we are very optimistic to the dynamic development of the all-media industry in the upcoming years.

In the sports event broadcast services segment, we shall continue to take part in the high profile sports events and provide our clients with technical and consultancy services. Under the direction of the "Twelve-Five Planning" aiming to achieve 400 billion of industrial output worth by the end of the Twelve-Five, China will be hosting more and more international and world-class sports events and continue to introduce favorable investment guidelines to the sports industry value chain. For example, the 2015 World Athletics Championships organised by the IAAF (International Association of Athletics Federations) will be held in Beijing in August 2015. These give enormous opportunities to the Group to provide broadcast services. To further build up our sports events portfolio, we will also target to extend our reach to those most watched sports events in China such as soccer and other popular sports. Moreover, we have accumulated resources in the sports arena which allow us to explore new business opportunities in the value chain of the sports industry, such as program production and distribution, Sports Event Organization and Management ("體育項目運營") which we shall get new revenue streams from sponsorship fee, programs organization fee, etc.

In the equipment development and sales segment, we have expanded both the geographic coverage and products offering. We are optimistic to grow in the international markets in upcoming years. We have acquired the core interactive video technology from a company from Israel. We have also completed the acquisition of a Shanghai research and development company formed by the leading tertiary institute in researching compressions and broadcast technologies in China. As such, we have enriched our core video technology to address the mobile devices applications, internet, and multiscreen deployment of the all-media industry and this is in line with the PRC government supported policies. In terms of products offering, we now have both a wide product portfolio of video transmissions hardware, as well as the Interactive Video Solutions based on software platform. Our interactive video platforms enable visualised communication over various networks including 3G and 4G cellular networks, and certain platforms can be further developed and customized for purposes including law enforcement, government, military, distant learning and finance. The target customers of these verticals include TV broadcasters, internet video service providers, police, urban management, water resource management, meteorological administration, disease control and prevention, armed forces, enterprises, educational organizations, banks and microloan companies, etc. According to The Twelfth Five-Year Plan for China's security and protection industry, the total market size of industrial output is expected to reach RMB500 billion in 2015. We are delighted to deploy our core competence — our video technology — to contribute in the development of the "Smart City".

FINANCIAL REVIEW

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in note 3 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

Revenue

Our Group's revenue increased by approximately 19.0% from approximately RMB628.8 million for the Corresponding Period to approximately RMB748.5 million for the Reporting Period. The increase was attributable to an increase in revenue from the application solutions, sports event broadcast services, system maintenance services and equipment development and sales business segments.

	For the year ended 31 December			
	2014		2013	
	RMB'000	***% of total revenue***	*RMB'000*	*% of total revenue*
Segment revenue				
Application solutions				
— Production and broadcast	**420,500**	**56.2%**	365,396	58.1%
— Transmission	**212,387**	**28.4%**	176,089	28.0%
Subtotal	**632,887**	**84.6%**	541,485	86.1%
Sports event broadcast services	**55,894**	**7.5%**	48,836	7.8%
System maintenance services	**27,165**	**3.6%**	10,326	1.6%
Equipment development and sales	**32,589**	**4.3%**	28,111	4.5%
Total	**748,535**	**100.0%**	628,758	100.0%

Application solutions

Revenue generated by the Group's application solutions segment remained the most substantial contributor to its revenue, increased by 16.9% from approximately RMB541.5 million for the Corresponding Period to approximately RMB632.9 million for the Reporting Period. This revenue segment represented approximately 86.1% and 84.6% of the total revenue of the Group for the year ended 31 December 2013 and 2014, respectively. The revenue from the provision of production and broadcast application solutions increased from approximately RMB365.4 million for the Corresponding Period to approximately RMB420.5 million for the Current Period, representing an increase of 15.1%. Whereas, the revenue from the provision of transmission application solutions increased from approximately RMB176.1 million for the Corresponding Period to approximately RMB212.4 million for the Current Period, representing an increase of 20.6%. These increases were mainly attributable to the increase in number of completed projects for the Current Period.

Sports event broadcast services

Revenue from sports event broadcast services represented approximately 7.8% and 7.5% of the total revenue of the Group for the years ended 31 December 2013 and 2014, respectively and increased from approximately RMB48.8 million for the Corresponding Period to approximately RMB55.9 million for the Current Period, representing an increase of 14.5%. Such increase was mainly attributable to the increase in market demand for sports event broadcast services and the Group's effort in expanding the segment business during the Current Period.

System maintenance services

Revenue from system maintenance services represented approximately 1.6% and 3.6% of the total revenue of the Group for the years ended 31 December 2013 and 2014, respectively and increased approximately from RMB10.3 million for the Corresponding Period to RMB27.2 million for the Current Period, representing an increase of 163.1%. Such increase was mainly attributable to the growing sizes of the application solutions market and the increasing demand for the Group's recurring onsite support services during the Current Period.

Equipment development and sales

Revenue from equipment development and sales represented approximately 4.5% and 4.3% of the total revenue of the Group for the years ended 31 December 2013 and 2014, respectively and increased approximately from RMB28.1 million for the Corresponding Period to RMB32.6 million for the Current Period, representing an increase of 15.9%. Such increase was mainly attributable to an increase in the number of units of the Group's self developed equipment sold as a result of the Group's expansion in customer base.

Cost of sales

Our Group's cost of sales increased by approximately 18.9%, from RMB435.2 million for the Corresponding Period to RMB517.6 million for the Current Period. The increase was mainly attributable to the increase in the overall business volume during 2014. The following table sets forth the cost of sales for each business segment for the years ended 31 December 2013 and 2014:

	For the year ended 31 December			
	2014		2013	
	RMB'000	**% of total revenue**	*RMB'000*	*% of total revenue*
Segment cost of sales				
Application solutions				
— Production and broadcast	**316,418**	**61.1%**	273,698	62.9%
— Transmission	**143,402**	**27.7%**	120,240	27.6%
Subtotal	**459,820**	**88.8%**	393,938	90.5%
Sports event broadcast services	**29,235**	**5.6%**	26,101	6.0%
System maintenance services	**13,179**	**2.5%**	5,141	1.2%
Equipment development and sales	**15,349**	**3.1%**	10,018	2.3%
Total	**517,583**	**100.0%**	435,198	100.0%

The Group's cost of sales for the application solutions segment increased by 16.7% for the Current Period, compared to the Corresponding Period, which was primarily due to the increase in revenue of the Group.

Gross profit and gross profit margin

For the years ended 31 December 2013 and 2014, the Group's gross profit was RMB193.6 million and RMB231.0 million respectively. The Group's gross profit margin was 30.8% and 30.9% for the years ended 31 December 2013 and 2014, respectively. The following table sets forth the gross profit and gross profit margin of each of the Group's segments for the years ended 31 December 2013 and 2014:

	For the year ended 31 December			
	2014		2013	
		Gross profit margin		*Gross profit margin*
	RMB'000	***%***	*RMB'000*	*%*
Segment gross profit and gross profit margin				
Application solutions				
— Production and broadcast	**104,082**	**24.8%**	91,698	25.1%
— Transmission	**68,985**	**32.5%**	55,849	31.7%
Subtotal	**173,067**	**27.3%**	147,547	27.2%
Sports event broadcast services	**26,659**	**47.7%**	22,735	46.6%
System maintenance services	**13,986**	**51.5%**	5,185	50.2%
Equipment development and sales	**17,240**	**52.9%**	18,093	64.4%
Total	**230,952**	**30.9%**	193,560	30.8%

Application solutions

Our gross profit from provision of application solutions increased by approximately 17.3%, from RMB147.5 million for the Corresponding Period to RMB173.1 million for the Current Period while our gross profit margin of the segment increased slightly from 27.2% for the Corresponding Period to 27.3% for the Current Period.

Sports event broadcast services

Our gross profit from sports event broadcast services increased by approximately 17.3%, from RMB22.7 million for the Corresponding Period to RMB26.7 million for the Current Period. Gross profit margin for the segment also increased by 1.1 percentage point from 46.6% in 2013 to 47.7% in 2014. The increase in gross profit was mainly attributable to the increase in recognized revenue following the increase in the number of completed projects during 2014 as a result of our effort in promoting our sports event broadcast services business. The improvement in gross profit margin was mainly due to less spending in the outsourcing rental and servicing costs due to the increase of deployment of in-house equipment.

System maintenance services

Our gross profit from system maintenance services increased by approximately 169.7%, from RMB5.2 million for the Corresponding Period to RMB14.0 million for the Current Period. The increase in gross profit was mainly attributable to the increase in recurring contracts executed and recognized as revenue in the Current Period. The gross profit margin increased as well from 50.2% to 51.5% during the Current Period. The increase in gross profit margin was mainly attributable to an increase in the higher margin contracts engagement during the Current Period.

Equipment development and sales

Our gross profit from equipment development and sales decreased by approximately 4.7%, from RMB18.1 million for the Corresponding Period to RMB17.2 million for the Current Period while gross profit margin decreased from 64.4% to 52.9% during the Current Period. The decrease in gross profit margin was mainly attributable to selective discounting of the selling price of self developed equipment to broaden the Group's customer base.

Other income/loss

Other income was approximately RMB0.4 million for the Corresponding Period. For the Current Period, there was other loss of approximately RMB0.8 million, which was mainly attributable to the loss from the acquisition of Shanghai Accurate Video Info-Tech Co., Ltd (上海精視信息技術有限責任公司).

Listing expenses

For the Current Period, the Group incurred listing expenses of RMB19.1 million recognized in the consolidated income statements, which was attributable to the initial public offering of the Group completed in 2014.

Selling and administrative expenses

Selling expenses decreased by approximately 2.4%, from RMB33.4 million for the Corresponding Period to RMB32.6 million for the Current Period. The decrease in selling expense was mainly attributable to the decrease of travelling expense and business development cost with the implementation of stringent budgetary planning and expenses control of the Group.

Administrative expenses increased by approximately 24.0%, from RMB62.9 million for the Corresponding Period to RMB78.1 million for the Current Period. The increase in administrative expense was mainly attributable to (i) the one-off listing expenses of RMB19.1 million recognized in the consolidated income statements; and (ii) the increase in employee benefit expenses which partially off-set by the decrease of the professional fee and office expenses with the implementation of the expenses control.

Net finance costs

Net finance costs increased by approximately 111.2%, from RMB3.5 million for the Corresponding Period to RMB7.4 million for the Current Period. The increase was mainly attributable to the increase in interest expenses associated with the Group's project financing and short-term borrowings for working capital requirements.

Income tax expense

Income tax expenses amounted to RMB16.4 million and RMB15.1 million for the years ended 31 December 2013 and 2014 respectively, representing a decrease of 8.0%. The effective tax rate decreased to approximately 13.4% for the Current Period from approximately 17.4% for the Corresponding Period, primarily due to the reversal of provision of income tax expenses for the Corresponding Period.

Profit for the year

As a result of the foregoing factors, profit attributable to owners of our Company for the year increased by approximately 24.8%, from RMB77.8 million for the Corresponding Period to RMB97.1 million for the year Current Period. Our net profit margin increased from 12.4% to 13.0% during the Current Period, primarily due to the increase of the gross profit margin and the decrease of the expenses due to the implementation of the expense control as well as the lower effective tax rate for the Current Period, as compared to the Corresponding Period.

Liquidity, financial resources and capital structure

Net cash used in the Group's operating activities amounted to RMB76.9 million for the Current Period and net cash generated from the Group's operating activities amounted to RMB35.1 for the Corresponding Period. The net cash outflow of the Group's operating activities mainly arose from: (i) the incurrence of non-recurring listing expenses; (ii) deferral in collection of trade receivables; (iii) the decrease in advances from customers; and (iv) the decrease in trade payable; and partially off set by the decrease in inventories resulted from the improvement of the project management and inventory planning work for the Current Period.

Net cash used in the Group's investing activities amounted to RMB22.1 million and RMB14.5 million for the years ended 31 December 2013 and 2014 respectively. The net cash outflow for the Current Period mainly arose from the purchase of equipment, intangible assets and the pledged deposits placed for the issuance of trade related documents.

Net cash generated from the Group's financing activities amounted to RMB161.3 million for the Current Period and net cash generated from the Group's financing activities amounted to RMB5.7 million for the Corresponding Period. The net cash generated from financing activities for the Current Period was mainly attributable to the proceeds from the Company's listing in 2014, the proceeds from bank loans and partially offset by the payment of dividend declared for the Corresponding Period.

As at 31 December 2014, the Group had current assets of approximately RMB645.3 million (as at 31 December 2013: approximately RMB563.0 million) and current liabilities of approximately RMB346.2 million (as at 31 December 2013: approximately RMB531.4 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 1.86 as at 31 December 2014, which increased from the current ratio of approximately 1.06 as at 31 December 2013.

The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Foreign exchange exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar ("**USD**"), Hong Kong Dollar ("**HKD**") and the Great British Pound ("**GBP**"). Foreign exchange risk arose from future commercial transactions, recognized assets and liabilities which are denominated in non-RMB.

Management has set up a policy to require members of the Group to manage their foreign exchange risk against their functional currency. They are required to control the exposure of the foreign currency during the business operation. The foreign currency exposure is mainly due to the purchase of the equipment from all over the world and the management controls the payment schedule to reduce the foreign exchange risk. Save for certain bank balances and accounts payables in USD and HKD dollar, the impact of foreign exchange exposure to the Group was minimal and there was no significant adverse effect on normal operations. During the Current Period, the Group did not commit to any financial instruments to hedge its exposure to foreign exchange risk. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

Other than bank balances with variable interest rates, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable interest rates. The Group has not hedged its cash flow interest rate risk.

Charge over assets of the Group

As at 31 December 2013 and 31 December 2014 respectively, bank borrowings of RMB28,499,000 and RMB61,500,000 were secured by (i) the buildings of the Group, cost of which amounting to RMB51,722,000 and RMB51,722,000 respectively; and (ii) trade receivables of RMB35,339,000 and RMB21,277,000, respectively.

Gearing position

The gearing ratio, representing total borrowings divided by total equity multiplied by 100%, was 61.2% and 23.3% respectively as of 31 December 2013 and 2014. The total borrowings of the Group increased from RMB58.2 million as at 31 December 2013 to RMB89.9 million as at 31 December 2014. Such increase was mainly attributable to the new borrowings of RMB24.8 million long-term financing and RMB24.0 million working capital loan. The total borrowings as at 31 December 2014 mainly comprised of RMB69.6 million working capital loans and RMB20.5 million loans from project financing. The decrease in the gearing ratio was mainly due to the increase in equity as a result of the proceeds from the initial public offering of the Company in 2014.

Use of proceeds from the initial public offering

The shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 7 July 2014 (the "**Listing Date**"). The net proceeds received from the initial public offering, after deducting underwriting commissions and other expenses in relation to the offering, were approximately HK$214.8 million (about RMB170.5 million). Such net proceeds were deposited at the Group's bank accounts. Approximately RMB67.7 million of the proceeds was used in the Current Period. The major uses of Proceeds in the Current Period are as follows,

— For enhancement of our capability of our four major business segments: approximately RMB28.2 million

— For acquisition of or investment in technologies and companies with proprietary know-how or inventions: approximately RMB15.2 million

— For working capital and general corporate purposes: approximately RMB14.0 million

— To finance project and bid related bonds to support increased businesses: approximately RMB10.3 million

The Group will continue to use the proceeds in the manner and proportion consistent with that mentioned in the section headed "Future plans and use of proceeds" of the prospectus of the Company dated 24 June 2014 (the "**Prospectus**"). In the event that the Directors decide to use such net proceeds in a manner different from that stated in the Prospectus, the Company will issue a further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Material acquisitions and disposals

As disclosed in the announcement of the Company dated 7 January 2015, the Company completed an acquisition of 83.89% equity interest in Shanghai Accurate Video Info-Tech Co., Ltd 上海精視信息技術有限責任公司 ("**Shanghai Co**") through the Group's indirect wholly-owned subsidiary, 高駿（北京）科技有限公司(Gaojun (Beijing) Technology

* *for identification purpose only*

Company Limited*). As a result, Shanghai Co became an indirect wholly-owned subsidiary of the Company. Shanghai Co was incorporated in the PRC and was mainly engaged in the research and development in digital content compressions and transmissions technologies. The Directors believed that the acquisition of Shanghai Co would enable the Group to further strengthen its research and development capabilities, thereby allowing the Group to continue to develop its own products and to expand to new market segments to broaden the Group's market horizon. Please refer to the announcement of the Company dated 7 January 2015 for further details. Except for the acquisition mentioned above, the Group had no significant investments, mergers and acquisitions during the Current Period.

Commitments and contingent liabilities

As at 31 December 2014, the Group had commitment amounting to approximately RMB12,509,000 (as at 31 December 2013: approximately RMB2,631,000) which mainly represented the capital commitments from the amounts contracted but not provided for the purchase of the intangible assets and operating lease commitments.

In March 2014, one of the subsidiaries of the Group was involved in a contractual dispute with a supplier of television broadcasting systems (the "**Claimant**"). The Claimant supplied certain television broadcasting systems to this subsidiary, which provided the application solution services for the systems to a client in Hunan (the "**Client**"), the end-user of the systems. The contractual claim amounting to RMB6.77 million was brought by the Claimant against this subsidiary and the Client in relation to the outstanding amount payable for the sale of the systems. The legal process is ongoing as at the date of this announcement. In light of the quality problems in the systems supplied by the Claimant, and the Client is the end user of the system and bear the ultimate obligation to settle payments, the Directors consider that the ultimate outcome of such contractual dispute will not have a material adverse effect on the financial information of the Group and therefore no provision has been made for the Current Period.

As at 31 December 2014, except for the legal dispute as disclosed above, the Directors were not aware of any other significant events that would have resulted in material contingent liabilities.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$3.9 cents (equivalent to RMB3.1 cents) per share for the year ended 31 December 2014 (2013: RMB8 cents), amounting to HK$39.0 million (equivalent to RMB31.0 million). Subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company ("**AGM**"), the proposed dividend will be payable to the Shareholders whose names appear on the Register of Members of the Company on 24 June 2015 and payable on 13 July 2015.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the AGM

The AGM is scheduled to be held on 15 June 2015. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from 11 June 2015 to 15 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 10 June 2015.

(b) For determining the entitlement to the proposed final dividend

For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from 22 June 2015 to 24 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 19 June 2015.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Group's reserves available for distribution to equity holders, comprising the share premium, exchange fluctuation reserve and accumulated loss, amounted to approximately RMB377.7 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the Current Period, the Group has widened both the customers as well as the suppliers base.

In the Current Period, revenue from the Group's five largest customers accounted for about 37.03% (2013: 54.9%) of the Group's total revenue for the Current Period and the revenue from the largest customer included therein accounted for about 20.63% (2013: 38.2%) of the Group's total revenue.

In the Current Period, supplies from the Group's five largest suppliers accounted for about 19.0% (2013: 26.7%) of the Group's total purchase for the Current Period and supplies from the largest supplier included therein accounted for about 4.8% (2013: 8.8%) of the Group's total purchase.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers for the Current Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of 311 employees (as at 31 December 2013: 239 employees).

The emoluments payable to employees of the Group are determined based on their responsibilities, qualifications, experiences and the role taken as well as the industry practices.

In order to recognize and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted a share award plan (the "**Share Award Plan**") on 24 March 2014. As of the date of this announcement, no awards have been granted or agreed to be granted under the Share Award Plan.

In order to reward or make incentive to the employees, Directors and other selected participants for their contributions to our Group, the Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 13 June 2014. As of the date of this announcement, no share options have been granted or agreed to be granted under the Share Option Scheme.

EVENT AFTER REPORTING PERIOD

Save as disclosed on page 30 regarding the acquisition of Shanghai Co., on 20 March 2015, the Company entered into a memorandum of understanding in relation to a possible acquisition of 100% equity interest in Beijing Interactive Media Co., Ltd. (北京北廣互動傳媒科技有限公司). Please refer to the announcement of the Company dated 20 March 2015 for further information.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date and up to the date of this announcement.

CORPORATE GOVERNANCE

During the period from the Listing Date to 31 December 2014 (the "**Relevant Period**"), the Company continued to apply the principles set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "**CG Code**").

The Group has applied these principles and adopted all code provisions, where applicable, of the CG Code as our own code of corporate governance. The Directors consider that the Company has complied with the applicable code provisions under the code on Corporate Governance Practices as set out in the CG Code, save as the following:

— Under the code provision A.2.1, the roles of chairman and chief executive officer ("**CEO**") of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing. The roles of the chairman and the CEO of the Group was not separated and was performed by the same individual, Mr. Lo Chi Sum who acted as both the chairman and CEO throughout the Current Period. The Directors will meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (with certain modifications) (the "**Model Code**").

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the Relevant Period.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Hung Muk Ming, Mr. Ma Guoli and Dr. Ng Chi Yeung, Simon. Mr. Hung Muk Ming is the Chairman of the Audit Committee. The Audit Committee has written terms of reference in compliance with the Listing Rules and the CG Code.

The Audit Committee has in conjunction with the management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters of the Group. The Audit Committee has no disagreement with the accounting treatment adopted by the Company. The figures included in the consolidated results of the Group for the year ended 31 December 2014 disclosed in this announcement have been agreed by PricewaterhouseCoopers, the auditors of the Company, and have been reviewed by the Audit Committee.

PUBLICATION

The final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.css-group.net) respectively. The 2014 annual report will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Century Sage Scientific Holdings Limited
Lo Chi Sum
Chairman

Hong Kong, 25 March 2015

As at the date of this announcement, the executive Directors are Mr. Lo Chi Sum, Mr. Leung Wing Fai, Mr. Zhou Jue, Mr. Sun Qingjun, Mr. Huang He and Mr. Geng Liang, and the independent non-executive Directors are Mr. Ma Guoli, Dr. Ng Chi Yeung, Simon and Mr. Hung Muk Ming.