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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 2.5% to RMB259.2 million for the six months ended 30 June 2015 from RMB252.8 million for the six months ended 30 June 2014.
- Gross profit increased by approximately 5.6% to RMB79.5 million for the six months ended 30 June 2015 from RMB75.2 million for the six months ended 30 June 2014.
- Net profit increased by approximately 31.0% to RMB16.7 million for the six months ended 30 June 2015 from RMB12.7 million for the six months ended 30 June 2014.
- The Board does not recommend the distribution of interim dividend for the six months ended 30 June 2015 (2014: Nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") is pleased to announce the unaudited condensed consolidated interim results of Century Sage Scientific Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015 (the "**Interim Period**"), together with the comparative figures for the six months ended 30 June 2014 (the "**Corresponding Period**"). The unaudited condensed consolidated interim results of the Group have not been audited, but have been reviewed by the Company's auditors, PricewaterhouseCoopers, and the audit committee of the Company (the "**Audit Committee**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June **2015** *RMB'000* **Unaudited**	 2014 *RMB'000* Unaudited
Revenue	*4*	**259,249**	252,797
Cost of sales	*4*	**(179,788)**	(177,571)
Gross profit	*4*	**79,461**	75,226
Selling expenses		**(11,595)**	(11,042)
Administrative expenses		**(45,776)**	(41,558)
Other income		**794**	207
Operating profit	*11*	**22,884**	22,833
Finance income		**154**	56
Finance costs		**(2,940)**	(5,449)
Finance costs — net		**(2,786)**	(5,393)
Profit before income tax		**20,098**	17,440
Income tax expense	*12*	**(3,430)**	(4,721)
Profit for the period		**16,668**	12,719
Profit attributable to:			
Owners of the Company		**16,668**	12,719
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(1,144)**	(935)
Other comprehensive loss for the six-month period then ended, net of tax		**(1,144)**	(935)
Total comprehensive income for the period		**15,524**	11,784
Total comprehensive income attributable to:			
Owners of the Company		**15,524**	11,784
Earnings per share (expressed in RMB per share)			
— Basic	*13*	**0.02**	0.02
— Diluted	*13*	**0.02**	0.02

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Assets			
Non-current assets			
Property, plant and equipment	5	**56,934**	58,002
Intangible assets	5	**19,806**	20,736
Deferred income tax assets	8	**3,578**	3,277
Prepayments	5	**25,772**	5,000
Other non-current assets		**1,462**	1,355
		107,552	88,370
Current assets			
Inventories		**139,647**	170,542
Trade and other receivables	6	**433,582**	348,362
Pledged bank deposits		**15,696**	6,668
Cash and cash equivalents		**39,058**	119,708
		627,983	645,280
Total assets		**735,535**	733,650
Equity			
Equity attributable to owners of the Company			
Share capital	7	**7,933**	7,933
Share premium	7	**252,286**	252,286
Other reserves		**(65,478)**	(64,732)
Retained earnings		**175,766**	190,098
Total equity		**370,507**	385,585
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		**1,636**	1,821
		1,636	1,821

		As at	
		30 June	31 December
		2015	2014
	Note	***RMB'000***	*RMB'000*
		Unaudited	Audited
Current liabilities			
Trade and other payables	*10*	**230,213**	209,306
Current income tax liabilities		**8,712**	47,048
Borrowings	*9*	**124,467**	89,890
		363,392	346,244
Total liabilities		**365,028**	348,065
Total equity and liabilities		**735,535**	733,650
Net current assets		**264,591**	299,036
Total assets less current liabilities		**372,143**	387,406

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Other reserves** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	**Total equity** *RMB'000*
Unaudited						
Balance at 1 January 2014	1	70,674	(68,729)	93,045	94,991	94,991
Comprehensive income						
Profit for the period	–	–	–	12,719	12,719	12,719
Other comprehensive income						
Currency translation differences	–	–	(935)	–	(935)	(935)
Total other comprehensive income,net of tax	–	–	(935)	–	(935)	(935)
Total comprehensive income for the period ended 30 June 2014	–	–	(935)	12,719	11,784	11,784
Balance as at 30 June 2014	1	70,674	(69,664)	105,764	106,775	106,775
Unaudited						
Balance at 1 January 2015	7,933	252,286	(64,732)	190,098	385,585	385,585
Comprehensive income						
Profit for the period	–	–	–	16,668	16,668	16,668
Other comprehensive income						
Currency translation differences	–	–	(1,144)	–	(1,144)	(1,144)
Total comprehensive income for the period ended 30 June 2015	–	–	(1,144)	16,668	15,524	15,524
Transactions with owners						
Dividend	–	–	–	(31,000)	(31,000)	(31,000)
Employees share option scheme — value of employee services	–	–	398	–	398	398
Total transactions with owners, recognised directly in equity	–	–	398	(31,000)	(30,602)	(30,602)
Balance as at 30 June 2015	7,933	252,286	(65,478)	175,766	370,507	370,507

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Cash flows from operating activities		
Cash generated from operations	**(38,095)**	(14,708)
Interest paid	**(2,640)**	(1,794)
Income tax paid	**(42,242)**	(8,454)
Net cash used in operating activities	**(82,977)**	(24,956)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(3,779)**	(676)
Prepayment for purchase of intangible assets	**(5,000)**	–
Prepayments for acquisition of a subsidiary	**(15,772)**	–
Cash advances paid to shareholders/directors	**–**	(1,177)
Proceeds from sale of PPE	**–**	433
Net cash used in investing activities	**(24,551)**	(1,420)
Cash flows from financing activities		
Payment of issuance costs	**–**	(3,067)
Payment of pledged bank deposits	**(15,696)**	(8,349)
Collection of pledged bank deposits	**6,668**	9,206
Proceeds from borrowings	**112,381**	69,933
Repayments of borrowings	**(77,804)**	(13,255)
Dividends paid to the then shareholders	**–**	(60,000)
Net cash generated/(used in) financing activities	**25,549**	(5,532)
Net decrease in cash and cash equivalents	**(81,979)**	(31,908)
Cash and cash equivalents at beginning of period	**119,708**	53,878
Exchange losses on cash and cash equivalents	**1,329**	–
Cash and cash equivalents at end of the period	**39,058**	21,970

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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) sports 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 delivery of various formats of media content in the PRC. 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.

This interim financial information was approved for issue by the board of directors on 24 August 2015.

This interim financial information has not been audited.

2. BASIS OF PREPARATION AND PRESENTATION

This interim financial Information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting". The interim financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

4. SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") mainly includes the executive directors, who are 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 for the relevant periods:

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

The CODM assesses 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 for the periods is as follows:

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Segment revenue		
Application solutions		
— Production and broadcast	**157,754**	153,662
— Transmission	**71,772**	71,641
Subtotal	**229,526**	225,303
Sports event broadcast services	**8,632**	8,053
System maintenance services	**11,780**	11,216
Product development and sales	**9,311**	8,225
Total	**259,249**	252,797
Segment cost		
Application solutions		
— Production and broadcast	**(117,740)**	(115,002)
— Transmission	**(49,389)**	(49,122)
Subtotal	**(167,129)**	(164,124)
Sports event broadcast services	**(3,310)**	(4,342)
System maintenance services	**(5,344)**	(5,571)
Product development and sales	**(4,005)**	(3,534)
Total	**(179,788)**	(177,571)

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Segment gross profit		
Application solutions		
— Production and broadcast	**40,014**	38,660
— Transmission	**22,383**	22,519
Subtotal	**62,397**	61,179
Sports event broadcast services	**5,322**	3,711
System maintenance services	**6,436**	5,645
Product development and sales	**5,306**	4,691
Total	**79,461**	75,226
Depreciation		
Application solutions		
— Production and broadcast	**2,672**	1,870
— Transmission	**1,215**	871
Subtotal	**3,887**	2,741
Sports event broadcast services	**146**	98
System maintenance services	**199**	136
Product development and sales	**158**	100
Total	**4,390**	3,075

5. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND PREPAYMENT

	Property, plant and equipment	**Intangible assets**	**Prepayment**
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2015			
Net book value or valuation			
Opening amount as at 1 January 2015	**58,002**	**20,736**	**5,000**
Additions	**3,322**	**–**	**20,772**
Depreciation	**(4,390)**	**(930)**	**–**
Closing amount as at 30 June 2015	**56,934**	**19,806**	**25,772**
Six months ended 30 June 2014			
Net book value or valuation			
Opening amount as at 1 January 2014	59,890	–	–
Additions	676	–	–
Disposals	(433)	–	–
Depreciation	(3,075)	–	–
Closing amount as at 30 June 2014	57,058	–	–

6. TRADE AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Audited
Trade receivables	**355,419**	278,674
Less: provision for impairment of trade receivable	**(1,171)**	(849)
Trade receivables — net	**354,248**	277,825
Other receivables		
Amount due from customers for contract work	**1,546**	1,365
Deposit for guarantee certificate over tendering and performance *(a)*	**17,874**	13,278
Prepayments	**43,809**	38,001
Cash advance to staff	**5,250**	7,818
Others	**10,855**	10,075
	433,582	348,362

As of 31 December 2014 and 30 June 2015, the fair values of trade and other receivables of the Group approximate their carrying amounts.

(a) Deposits for guarantee certificate over tendering and performance are placed with third parties for tendering and performing the contracts. The deposits are interest free and will be returned upon completion of the tendering or contracts.

Invoices issued to our customers are payable on issuance and no credit terms are stipulated in our project contracts generally. At 31 December 2014 and 30 June 2015, the ageing analysis of the trade receivables based on revenue recognition date is as follows:

	As at	
	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Audited
Up to 3 months	**208,991**	137,438
3 to 6 months	**20,246**	54,358
6 months to 1 year	**40,898**	57,328
1 to 2 years	**57,275**	28,169
2 to 3 years	**27,478**	1,065
Over 3 years	**531**	316
	355,419	278,674

7. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total
		HK$'000	*RMB'000*	*RMB'000*	*HK$'000*
Issued and fully paid:					
Unaudited					
Ordinary share of HK$0.1 each at 31 December 2013	10,000	1	1	70,674	70,675
Sub-division of shares *(a)*	90,000	–	–	–	–
Balance at 30 June 2014	100,000	1	1	70,674	70,675
Capitalisation issue *(b)*	749,900,000	7,499	5,949	(5,949)	–
Issuance of ordinary shares *(c)*	250,000,000	2,500	1,983	212,819	214,802
Share issuance costs *(d)*	–	–	–	(25,258)	(25,258)
Balance at 31 December 2014 and 30 June 2015	1,000,000,000	10,000	7,933	252,286	260,219

(a) Sub-division of shares

Pursuant to the written resolution of shareholders passed on 13 June 2014, each issued and unissued ordinary share of our Company of HK$0.10 each was sub-divided into ten shares of HK$0.01 each and following the sub-division of share capital of our Company, the number of authorised and issued shares of our Company was increased from 3,800,000 to 38,000,000, and 10,000 to 100,000 respectively.

(b) Capitalisation issue

Pursuant to a written resolution of all the shareholders of the Company passed on 13 June 2014 and conditional on the share premium account of the Company being credited as a result of the issue of new shares pursuant to the initial public offering of the Company's shares, the Company issued additional 749,900,000 shares, credited as fully paid, to the existing shareholder of the Company. The Company's share was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 7 July 2014.

(c) Issuance of new ordinary shares

On 7 July 2014, upon its listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Company issued 250,000,000 new ordinary shares at par value of HK$0.01 per share for cash consideration of HK$1.08 each, and raised gross proceeds of approximately HK$270,000,000 (equivalent to RMB214,802,000).

(d) Share issuance costs

Share issuance cost mainly included underwriting commission, lawyer's fees, reporting accountant's fee and other related costs. Incremental costs that were directly attributable to the issue of the new ordinary shares amounting to RMB25,258,000 was treated as a deduction from share premium.

8. SHARE BASED PAYMENTS

(i) Share options

On 9 April 2015 (the "**Grant Date**"), the board of directors of the Company approved the grant of share options (the "**Options**") for the issuance of 14,216,000 shares of the Company pursuant to the share option scheme of the Company adopted on 13 June 2014 (the "**Scheme**").

The principal terms of the grant of Options were approved by resolution of the board of directors of the Company on 9 April 2015. All Options which were granted to the grantees shall be exercisable in two tranches. The respective exercise dates of all Options are as follows:

(a) Tranche I: beginning on the 3rd anniversary of the Grant Date: 50% of such Options granted; and

(b) Tranche II: beginning on the 4th anniversary of the Grant Date: 50% of such Options granted.

(ii) Outstanding share options

Movements in the number of share options outstanding:

	Number of share options
At 1 January 2015	–
Granted on 9 April 2015	14,216,000
At 30 June 2015	14,216,000

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2015 are as follows:

Exercisable period	**Exercise price**	**Number of share options outstanding at 30 June 2015** (Unaudited)
Tranche I	HK$1.84	7,108,000
Tranche II	HK$1.84	7,108,000
		14,216,000

(iii) Fair value of share options

The directors of the Company have used the Binomial Model to determine the fair value of the options granted, which is to be expensed over the vesting period. Significant judgement on parameters, such as risk free rate, dividend yield and expected volatility, was agreed by the management of the Group in applying the Binomial Model, which are summarised below.

Risk free rate	0.997%
Dividend yield	3%
Expected volatility	34%

The weighted average fair value of options granted was HK$0.425 and HK$0.417 respectively for each Tranche.

9. BORROWINGS

	As at 30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Current		
Bank borrowings	**124,467**	89,890

As at 31 December 2014 and 30 June 2015, bank borrowings of RMB61,500,000 and RMB60,000,000 were secured by the buildings of the Group, cost of which amounting to RMB51,722,000 and RMB52,202,789; trade receivables of RMB21,277,000 and RMB18,450,000, respectively.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Trade payables	**60,302**	34,602
Amounts due to customers for contract work	**369**	178
Progress payment by customers	**83,312**	102,310
Employee benefits payable	**2,367**	7,037
Other taxes payable	**46,157**	56,608
Dividends payable	**31,000**	–
Accrual for professional service fee	**750**	2,193
Others	**5,956**	6,378
	230,213	209,306

At 30 June 2015, the ageing analysis of the trade payables based on invoice date was as follows:

	As at 30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Up to 3 months	**41,348**	18,435
3 to 6 months	**8,345**	4,969
6 months to 1 year	**6,814**	388
1 to 2 years	**898**	8,030
2 to 3 years	**1,972**	1,002
Over 3 years	**925**	1,778
	60,302	34,602

11. OPERATING PROFIT

An analysis of the amounts presented as operating items in the financial information is given below.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Equipment costs	**132,880**	113,370
Servicing and agency costs	**17,067**	34,584
Business development	**3,663**	2,688
Depreciation and amortisation	**5,320**	3,806
Listing expenses	**–**	12,223
	158,930	166,671

12. INCOME TAX EXPENSE

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.

Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for the year ended 31 December 2014 and six months ended 30 June 2015 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 period.

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:

Certain subsidiaries of the Group were qualified as the High and New Technology Enterprise and the EIT was provided at a preferential tax rate as 15%.

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 it 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.

The income tax expense of the Group for the six months ended 30 June 2015 is analysed as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax	**3,917**	6,383
Deferred income tax	**(487)**	(1,662)
Income tax expense	**3,430**	4,721

Income tax expense is recognized based on management's estimate at the weighted average annual income tax rate expected for the full financial year.

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2014 and 2015 are calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during each respective year:

	Six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
Profit attributable to owners of the Company *(in RMB'000)*	**16,668**	12,719
Weighted average number of ordinary shares in issue *(i)*	**1,000,000,000**	750,000,000
Basic earnings per share *(RMB)*	**0.02**	0.02

(i) The calculation of basic earnings per share for the six months ended 30 June 2014 was adjusted retrospectively by considering the impact of the result of the sub-division of shares on 13 June 2014 and capitalization issue on 7 July 2014 as disclosed in note 7(a) and (b).

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share: share options. The share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Profit attributable to owners of the Company *(in RMB'000)*	**16,668**	12,719
Weighted average number of ordinary shares in issue	**1,000,000,000**	750,000,000
Adjustments for share options	**955,900**	–
Weighted average number of ordinary shares for diluted earnings per share	**1,000,955,900**	750,000,000
Diluted earnings per share *(RMB)*	**0.02**	0.02

14. DIVIDENDS

A final dividend of RMB31,000,000 that related to the year ended 31 December 2014 was paid in July 2015.

The board of directors has resolved not to declare an interim dividend in respect of the 6 months ended 30 June 2015 (for the 6 months ended 30 June 2014: nil).

15. COMMITMENTS

(a) Capital commitments

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

	As at	
	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Audited
Technical knowhow and relevant development services *(i)*	**5,000**	10,000
Acquisition of subsidiaries *(ii)*	**303,953**	–
	308,953	10,000

(i) The Group entered into a technology transfer agreement with an independent third party for the acquisition of a technology of interactive video application platforms. The total consideration of the platforms is RMB15,000,000, out of which RMB10,000,000 has been paid by the Group.

(ii) In April 2015, the Group entered into a framework agreement with an independent third party to acquire 100% equity interest in Beijing Interactive Cultural Media Development Co., Ltd. Pursuant to the purchase agreement, the consideration is not more than HK$406,660,000 (equivalent to RMB319,675,000) subject to further agreements with the seller. As at 30 June 2015, prepayment amounting to RMB15,722,000 was paid by the Group.

(b) Operating lease commitments

The Group leases various offices and warehouses under both cancellable and non-cancellable operating lease agreements. The non-cancellable lease terms are between 1 and 4 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The Group is required to give at least a month notice for the termination of these agreements. The lease expenditure and related management fee, water and electricity (if necessary) charged to the income statement during the period is disclosed.

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

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	Unaudited	Audited
No later than 1 year	**1,685**	1,217
Later than 1 year and no later than 2 years	**828**	738
Later than 2 years	**312**	554
	2,825	2,509

16. SUBSEQUENT EVENTS

On 2 July 2015, the Company granted an option in respect of 200,000 ordinary shares of HK$0.01 each in the share capital of the Company to an eligible employee, pursuant to the share option scheme adopted by the Company on 13 June 2014, subject to acceptance by the grantee.

In August 2015, the Group entered into a sales and purchase agreement with independent third parties to acquire 49% equity interest in Beijing Gefei Technology Development Company Limited* (北京格非科技發展有限公司) ("**BJ Gefei**"). Pursuant to the agreement, the consideration is not more than RMB31,225,000 subject to further agreements with the seller. BJ Gefei is a professional video software and equipment research and development company as well as a system supplier in the PRC.

* *For identification purposes only*

BUSINESS REVIEW

In 2015, the Group implemented the strategic layout plan of "launching the endogenous growth and external expansion strategy in full speed based on the stable business conditions and continuously focusing on the new business segments". During the Interim Period, the business of the Group showed a steady growth and the gross profit margin increased as compared to the previous corresponding period (2015: 30.7%, 2014: 29.8%). Among our business segments, as compared to previous corresponding period, "Product development and sales" and "Sports event broadcast services" had a faster growth of 13.2% and 7.2% respectively. Taken into account of the seasonal factors, the above two business segments are expected to have an even higher growth rate as more events will be held in the second half of the year.

In 2015, the PRC economy has shifted to a state of "new normal" where the structural adjustment of the industries continued and economic downside risk increased. Nevertheless, thanks to the favorable policies of the PRC government, in particular the support to all-media and sports industries, the market demand continued to sustain during the Interim Period.

For instance, on 5 March 2015, Premier Li Keqiang proclaimed to "deepen the structural reform on culture and enhance the integration and development of the traditional and new media" and "promote cross-border cultural and educational exchange and strengthen the establishment of the international broadcasting capability" as stated in the Report on the Work of the Government presented during the National People's Congress, which acted as a driver for growth of all-media industry. During the Interim Period, the Group implemented and delivered the application solutions for the China Central Television, Hunan Television, Hubei Television, Beijing Television and other television stations from various provinces and cities. During the Interim Period, the Group also carried out several bigger projects for some internet media and OTT content providers, highlighting the business opportunities arising from the integration with new media. The maintenance services, as the aftermarket of application solutions, also maintained a stable revenue during the Interim Period.

In sport events, the Group actively planned to expand the diversity of sport events and explore the new opportunities in the chain of sport industry such as event management. During the Interim Period, the two most eye-catching events were both related to winter sports. In early March 2015, the Group participated in the "2015 Snowboarding Youth Championship" held in Heilongjiang. The Group participated another winter sports event after the "World Snowboarding Championship Beijing Section", also named as "2014 Air & Style Skiing" organised by Beijing Municipal Bureau of Sports in December last year. The"2015 Snowboarding Youth Championship" was held in the Heilongjiang Yabuli Ski Resort, as the first time China organised a Grade A competition of International Ski Federation. This grade of the competition was higher than that of the grade B competition such as Winter Universiade and the Snowboarding World Championship with more than 500 athletes, coaches from nearly 30 countries and regions participated in the event. This event had five big and ten small competitions, including the men and women half-piped venue, parallel giant slalom, parallel slalom, slope obstacle and snowboarding chase. The Group participated in the production and relay services for the above event. 2015 World Figure Skating Championships was the Group's key sports project during the Interim Period. It was held from 25 March to 29 March 2015 in Shanghai, China. The World Figure Skating Championship was organized by the International Skating Union (ISU) and this is one of its four world-class skating competitions, including skating competitions at the Winter Olympic, European Figure Skating Championships and Four Continents Figure Skating Championships. Entrusted by the broadcasting organisation and organising committee, EverTop Technology (Int'l) Limited of the Group became the service provider of the host broadcaster, providing services in events operation, signal production of the programs, serving the rights-holding broadcasters and completing the coverage of this event through television media for the broadcasting organization and organizing committee. Furthermore, the Group provided services such as the provision of public signals, assorted productions, publicity videos and sponsors advertisements for the rights-holding broadcasters, organizing committee and sport associations. The Group's clients of public signal provision services included CCTV and certain foreign medias such as NBC, FUJITV and CBC. Meanwhile, in this regard, the Group provided the new media platform for mobile terminal, opening up a new horizon for "users' viewing, interaction experience and consumer enjoyment of the sport events. The Group will continue to expand and consolidate the sports business by building up and integrating media and sports resources.

During the Interim Period, the sales of self-developed products of the Group performed well. Related products of Shanghai research and development team and visualisation softwares, which were acquired by the Group in 2014, have been integrated into the Group's sales channel and generated certain extent of synergy. The Group's self-developed products cover not only broadcasting industry. For non-broadcasting agencies, such as public security and the military provided great potential. For example, during the Interim Period, the Group has put more efforts in the sales of products to non-broadcasters in Xinjiang and Qinghai. In terms of products, the Group has improved the distribution of 3G/4G products, such as CamCaster, BodyCaster, MotoCaster, NMS network management system, and MVP multiviewer management system. In terms of 3G/4G area, the Group believes that the technology and product portfolio of the Group are already in the leading position in the international market. Meanwhile, the Group will soon launch a series of compressed transmission products based on AVS+, which is the compression standard of the PRC. Prior to the launch of AVS+ standard, such area was monopolised by international standards, such as H.264, and international competitiveness of domestic audio and video industry was subject to strict constraints. Science and Technology Department of State Administration of Press, Publication, Radio, Film and Television and Department of Electronic Information of Ministry of Industry and Information Technology ("**MIIT**") jointly led the development and formulation of the PRC's own compression standards for high definition and ultra-high definition audio and video. In 2012, AVS+ was publicly issued as the standard for the broadcasting industry. MIIT has actively promoted AVS+ from an industry standard to an international standard. Leveraging on the increasing research and development capacity and the hard works of our team, the Group launched a series of AVS+ products and systems in August 2015. The transmission system for TV broadcasting across the PRC will gradually shift to the PRC standard in an orderly manner, whereby market potential emerges. Lastly, for the expansion of self-developed products into overseas markets, the overseas purchase orders entered into this year include the contracts of approximately HK$10 million in aggregate including Morocco and Oman, which delivery is expected to complete in the third quarter of 2015.

Further, the Company is pleased that the Group, through a wholly-owned subsidiary of the Company, 北京世紀睿科系統技術有限公司 ("**CSS (Beijing)**") and subject to terms and conditions of the relevant sales contracts, will be involved in a project in Zimbabwe, South Africa, in relation to, among others, the sales and installation of broadcasting studios and the sales of transmission vehicles (the "**Project**") which the value of the Project amounts to approximately US$13 million (equivalent to approximately HK$100 million) in aggregate. It is expected that the Project will be carried out for the year ending 31 December 2015. Please refer to the announcement of the Company dated 23 June 2015 for further details.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by 2.5% from RMB252.8 million for the Corresponding Period to RMB259.2 million for the Interim Period. Compared with the Corresponding Period, the revenue of the "Product Development and Sales" and that of the "Sports Event Broadcast" have a relatively higher growth rate of 13.2% and 7.2% respectively. Taking into account of the seasonal factors that more projects will be recognized during the second half year, the management expects that the growth rate of these two segments will be even higher in the full-year comparison perspective. The table below sets out the Group's segmental revenue for the six months ended 30 June 2014 and 2015:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	***% of total revenue***	*RMB'000*	*% of total revenue*
Segment revenue				
Application solutions				
— Production and broadcast	**157,754**	**60.9%**	153,662	60.8%
— Transmission	**71,772**	**27.7%**	71,641	28.3%
Subtotal	**229,526**	**88.5%**	225,303	89.1%
Sports event broadcast services	**8,632**	**3.3%**	8,053	3.2%
System maintenance services	**11,780**	**4.5%**	11,216	4.4%
Product development and sales	**9,311**	**3.6%**	8,225	3.3%
Total	**259,249**	**100.0%**	252,797	100.0%

Application solutions

Revenue generated by the Group's application solutions segment remained the most substantial contributor to its revenue, representing approximately 89.1% and 88.5% respectively of the total revenue of the Group for the six months ended 30 June 2014 and 2015 and increased from approximately RMB225.3 million for the Corresponding Period to approximately RMB229.5 million for the Interim Period.

Our application solutions can be divided by their functions into two major categories: (i) production and broadcast; and (ii) transmission. Revenue from production and broadcast and from transmission respectively increased from RMB153.7 million and RMB71.6 million for the Corresponding Period to RMB157.8 million and RMB71.8 million for the Interim Period, representing a growth rate of 2.7% and 0.2% respectively. Such increase was mainly attributable to the increase in completion of projects as rendered to the Group's customers during the Interim Period.

Sports event broadcast services

Revenue from sports event broadcast services represented approximately 3.2% and 3.3% of the total revenue of the Group for the six months ended 30 June 2014 and 2015, respectively and increased approximately from RMB8.1 million for the Corresponding Period to RMB8.6 million for the Interim Period, representing an increase of 7.2%. Such increase was mainly attributable to the increase in market demand for sports event broadcast and equipment leasing services and the Group's effort in expanding the segment business during the Interim Period.

System maintenance services

Revenue from system maintenance services represented approximately 4.4% and 4.5% of the total revenue of the Group for the six months ended 30 June 2014 and 2015, respectively and increased approximately from RMB11.2 million for the Corresponding Period to RMB11.8 million for the Interim Period, representing an increase of 5%. Such increase was mainly attributable to the increasing demand for the Group's onsite support services during the Interim Period.

Product development and sales

Revenue from product development and sales represented approximately 3.3% and 3.7% of the total revenue of the Group for the six months ended 30 June 2014 and 2015, respectively and increased approximately from RMB8.2 million for the Corresponding Period to RMB9.3 million for the Interim Period, representing an increase of 13.2%. Such increase was mainly attributable to an increase in the number of units of the Group's self-developed products sold during the Interim Period.

Cost of sales

For the six months ended 30 June 2014 and 2015, the Group's cost of sales was RMB177.6 million and RMB179.8 million respectively, representing an increase of 1.2%. Such increase was in accordance with the increase of the overall business volume during the Interim Period. The following table sets forth the cost of sales for each business segment for the six months ended 30 June 2014 and 2015:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Segment cost of sales				
Application solutions				
— Production and broadcast	**117,740**	**65.5%**	115,002	64.8%
— Transmission	**49,389**	**27.5%**	49,122	27.7%
Subtotal	**167,129**	**93.0%**	164,124	92.4%
Sports event broadcast services	**3,310**	**1.8%**	4,342	2.4%
System maintenance services	**5,344**	**3.0%**	5,571	3.1%
Product development and sales	**4,005**	**2.2%**	3,534	2.0%
Total	**179,788**	**100.0%**	177,571	100.0%

The Group's cost of sales for the application solutions segment increased by 1.2% for the Interim 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 six months ended 30 June 2014 and 2015, the Group's gross profit was RMB75.2 million and RMB79.5 million respectively. The Group's gross profit margin was 29.8% and 30.7% for the Corresponding Period and the Interim Period, respectively. The following table sets forth the gross profit and gross profit margin of each of the Group's segments during the periods:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	***Gross profit margin %***	*RMB'000*	*Gross profit margin %*
Segment gross profit and gross profit margin				
Application solutions				
— Production and broadcast	**40,014**	**25.4%**	38,660	25.2%
— Transmission	**22,383**	**31.2%**	22,519	31.4%
Subtotal	**62,379**	**27.2%**	61,179	27.2%
Sports event broadcast services	**5,322**	**61.7%**	3,711	46.1%
System maintenance services	**6,436**	**54.6%**	5,645	50.3%
Product development and sales	**5,307**	**57.0%**	4,691	57.0%
Total	**79,461**	**30.7%**	75,226	29.8%

The Group's gross profit increased by 5.6% during the Interim Period and its gross profit margin improved gently from 29.8% to 30.7%. The improvement of the Group's gross profit margin was mainly attributable to an improvement in the gross profit margin for the sports event broadcast services segment from 46.1% to 61.7% as well as the system maintenance services from 50.3% to 54.6%.

Selling expenses

Selling expenses for the six months ended 30 June 2014 and 2015 were RMB11.0 million and RMB11.6 million respectively, representing an increase of 5.0%. Such increase was mainly attributable to the increase in the employee benefit and the travelling expenses.

Administrative expenses

Administrative expenses for the six months ended 30 June 2014 and 2015 were RMB41.6 million and RMB45.8 million respectively, representing an increase of 10.1%. Such increase was mainly attributable to (i) the research and development expenses of RMB9.1 million recognized in the income statements due to the acquisition of the subsidiary of Shanghai Accurate Video Info-Tech Co., Ltd 上海精視信息技術有限責任公司 ("**AVIT**") in 2014 and the set up of the research and development center; and (ii) the increase in employee benefit expense.

Finance costs

For the six months ended 30 June 2014 and 2015, finance costs of the Group were RMB5.4 million and RMB2.8 million respectively, representing a decrease of 48.3%. Such decrease was mainly attributable to the decrease in foreign exchange loss which was led by the appreciation of the Renminbi during the Interim Period.

Income tax expense

Income tax expense amounted to RMB4.7 million and RMB3.4 million respectively for the six months ended 30 June 2014 and 2015, representing a decrease of 27.3%. The effective tax rate decreased to approximately 17.1% for the six months ended 30 June 2015 from approximately 27.1% for the Corresponding Period, primarily due to the one-off listing expenses recognized in income statements for the Corresponding Period which were not tax deductable.

Profit for the period

As a result of the aforementioned factors, profit attributable to owners of the Company increased from RMB12.7million to RMB16.7 million for the six months ended 30 June 2014 and 2015, representing an increase of 31.1%.

Liquidity, financial resources and capital structure

Net cash used in the Group's operating activities amounted to RMB83.0 million and RMB25.0 million for the Interim Period and for the Corresponding Period respectively. The net cash outflow of the Group's operating activities in the Interim Period mainly arose from: (i) the one-off payment of the income tax expense of prior years, amounting to RMB39 million; (ii) deferral in collection of trade receivables; (iii) the increase of the research and development expenses due to the acquisition of AVIT as well as the set up of the research and development center which lead to the research and development expenses increased by 314% compared with Corresponding Period; and (iv) the decrease in inventories resulted from the improvement of the project management and inventory planning work for the Interim Period.

Net cash used in the Group's investing activities amounted to RMB1.4 million and RMB24.6 million for the six months ended 30 June 2014 and 2015 respectively. The net cash outflow for the Interim Period mainly arose from the purchase of equipment and intangible assets, as well as the prepayment for the agreement of the possible acquisition as announced by the Company on 14 April 2015.

Net cash generated from the Group's financing activities amounted to RMB5.5 million and RMB25.5 million for the six months ended 30 June 2014 and 2015. The net cash generated from financing activities for the Interim Period was mainly attributable to the increase of the proceeds from bank loans.

Charge on assets

As at 31 December 2014 and 30 June 2015, bank borrowings of RMB61,500,000 and RMB60,000,000 were secured by the buildings of the Group, cost of which amounting to RMB51,722,000 and RMB52,202,789; trade receivables of RMB21,277,000 and RMB18,450,000, respectively.

Gearing position

The gearing ratio, represented total borrowings divided by total equity multiplied by 100%, was 23.3% and 33.5% respectively as of 31 December 2014 and 30 June 2015. The total borrowings of the Group increased from RMB89.9 million as at 31 December 2014 to RMB124.5 million as at 30 June 2015. Such increase was mainly attributable to the new borrowings of RMB34.6 million working capital loan. The total borrowings as at 30 June 2015 mainly comprised RMB96.6 million working capital loans, and RMB27.9 million loans from project financing.

Foreign exchange risk

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, recognised assets and liabilities which are denominated in non-Renminbi ("**RMB**").

Management has set up a policy to require the Group's companies to manage their foreign exchange risk against their functional currency. The Group's companies 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 control the payment schedule to reduce the foreign exchange risk. Save for certain bank balances and accounts payables in USD and HKD, the impact of foreign exchange exposure to the Group was minimal and there was no significant adverse effect on normal operations. During the Interim 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 rate, 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 rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not hedged its cash flow interest rate risks.

Significant investments, mergers and acquisitions

As disclosed in the announcement of the Company dated 7 January 2015, the Company completed an acquisition of 83.89% equity interest in AVIT through the Group's indirect wholly-owned subsidiary, Gaojun (Beijing) Technology Company Limited* 高駿(北京)科技有限公司("**Gaojun (Beijing)**"). As a result, AVIT became an indirect wholly-owned subsidiary of the Company. AVIT 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 AVIT 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.

As disclosed in the announcements of the Company dated 14 April 2015 and 29 June 2015 respectively, the Company entered into a framework agreement and a supplementary agreement on this framework agreement respectively in respect of the acquisition. Please refer to the relevant announcements for the further details. Except for the acquisition mentioned above, the Group had no significant investments, mergers and acquisitions during the Interim Period.

Contingent liabilities

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. In light of the quality problems in the systems supplied by the Claimant, and the Client is the end user of the system and bears 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 interim financial information of the Group and therefore, no provision has been made for the Interim Period.

As at 30 June 2015, 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.

Dividends

The final dividend for year 2014 of HKD39 million (equivalent to RMB31 million) was declared and approved at the annual general meeting of the Company on 15 June 2015, and the payment was made on 13 July 2015.

The Directors do not recommend the distribution of interim dividend for the Interim Period (2014: Nil).

* *For identification purposes only*

Employees and remuneration policies

As at 30 June 2015, the Group had a total of 346 employees (as at 31 December 2014: 311 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.

FUTURE OUTLOOK

During the first half of 2015, integrating with the future strategic development plan, the Group proactively pushed forward the development of various businesses. Looking ahead into the next half year, the Group will maintain to pursue the policy of "vigorously launching the endogenous growth and external expansion strategy based on the stable business conditions and continuously focusing on the new business segments".

The application solutions, which is the Group's traditional business segment, delivered steady income and customer resources for the Group. Leveraging the ongoing HDTV and Content Creation Upgrade and the PRC policies of encouraging the integration of traditional and new media together with the One Belt One Road strategy which renders strong support to the promising commencement of the Group's African projects, the traditional business of the Group foresees tremendous opportunities ahead.

Regarding the endogenous development, the Group will continue to put in more efforts in both the sports event broadcast services and its products development and sales business. High profile international events as well as mass participation sporting events are in the landscape. The Group has prepared itself with resources to offer more services along the longer value-chain of the sports industry such as content value added services and event management and sponsorship, so as to make further contributions to the sport broadcast profession and predate the huge sports market in the PRC of aggregate value of RMB5 trillion. Regarding the products development and sales business, the Group aims to explore the non-media radio and TV and overseas markets with our own developed core video technology and products, accomplish the goal of the Group's marketing strategy and establish a more diversified and dimensional sales coverage.

Lastly, leveraging the business of Beijing Interactive Media Co., Ltd* (北京北廣互動傳媒科技有限公司) ("**Beijing Interactive**") is the strategic focus for external expansion. The three platforms of "contents", "e-commerce" and "off-line activities" of Beijing Interactive realised the role transition from traditional viewers to membership consumptions, creating potential of profit realization. The integration of media and internet results in a vast 'blue ocean' to be explored. The Group expects to sail on it, capturing opportunities through all-media integration and mutual growth in a brighter future. Please refer to the section headed "Material Acquisition and Disposal" below for further details in relation to this acquisition.

* *For identification purposes only*

CAPITAL STRUCTURE

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Group, comprising issued capital and reserves.

MATERIAL ACQUISITION AND DISPOSAL

As disclosed in the announcement of the Company dated 7 January 2015, the Company completed an acquisition of 83.89% equity interest in AVIT through the Group's indirect wholly-owned subsidiary, Gaojun (Beijing). As a result, AVIT became an indirect wholly-owned subsidiary of the Company. AVIT 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 AVIT 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.

On 14 April 2015, the Company, Mr. Huangfu Bing-Jun (the "**Vendor**") and Mr. Ai He (the "**Guarantor**") entered into a framework agreement (the "**Framework Agreement**") pursuant to which the Vendor has agreed to sell, or procure to sell, and the Company has agreed to purchase the entire issued share capital of a target company (the "**Target Company**") at the consideration of not more than HK$406,660,000 (subject to adjustment), which will be satisfied as to (i) HK$100,000,000 in cash; and (ii) HK$306,660,000 by the issue of 153,330,000 consideration shares at the issue price of HK$2.00 each. The Target Company is a company incorporated in the British Virgin Islands with limited liability, tentatively a company named Vision World Investment (視界投資有限公司) and the shares of which will be acquired or subscribed by the Vendor, the Guarantor and other shareholders. The Target Company will, through a company to be established in the PRC and be indirectly wholly-owned by the Target Company, enter into certain structural contracts with Beijing Interactive and its subsidiaries (the "**Onshore Target Group**") through which to enable the Target Company to effectively hold and control 100% interests (including economic interest) in the Onshore Target Group. The Onshore Target Group will comprise operators who principally engage in interactive value-added services and TV2o2o (Television to Online to Offline) services in the broadcast and television industry, as well as in the mobile internet industry.

On 29 June 2015, the Company, the Vendor and the Guarantor entered into a supplemental agreement to the Framework Agreement, pursuant to which the parties agreed to amend certain terms of the Framework Agreement, which include, among others, (i) extend the long stop date of the Framework Agreement; (ii) clarify the definition of profit guarantee by the Vendor; (iii) revise the shareholding structure of the Target Group; and (iv) revise the amount of the retention consideration. The Company is currently conducting due diligence on the Target Group and a formal sale and purchase agreement will be entered into in respect of this acquisition. The Directors consider that such acquisition could enable the Group to extend its business in the all-media industry from technology services to a rich assortment of services of the value-chain in the all-media industry by leveraging the platform of the Onshore Target Group, such as interactive value-added services and TV2o2o (Television to Online to Offline) services across many market sectors, and in turn delivering more value-added services to its customers. Please refer to the announcements of the Company dated 14 April 2015, 11 May 2015 and 29 June 2015 for further details.

Save as disclosed above, during the Interim Period, there was no material acquisition or disposals of subsidiaries or associates of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had a total assets of approximately RMB735.5 million (2014: approximately RMB733.7 million) which was financed by current liabilities of approximately RMB363.4 million (2014: approximately RMB346.2 million) and shareholders' equity of approximately RMB370.5 million (2014: approximately RMB385.6 million).

As at 30 June 2015, the Group's current ratio was 1.73 (2014: 1.86) and the gearing ratio was 33.5% (2014: 23.3%).

The cash and cash equivalents of the Group as at 30 June 2015 were mainly denominated in HKD, USD, Euro and RMB.

SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

On 2 July 2015, the Company granted an option in respect of 200,000 ordinary shares of HK$0.01 each in the share capital of the Company to an eligible employee (the "**Grantee**"), pursuant to the share option scheme adopted by the Company on 13 June 2014 (the "**Share Option Scheme**"), subject to acceptance by the Grantee (the "**July Grant**").

On 14 August 2015, the Company (as one of the purchasers), Beijing Yutai Investment Company Limited* (北京裕泰投資有限公司) ("**Beijing Yutai**") (as one of the purchasers), Beijing Gefei Technology Development Company Limited* (北京格非科技發展有限公司) (the "**Target**") and the vendors of the Target entered into the an equity transfer agreement, pursuant to which such vendors agreed to sell 51% of the equity interest in the Target, and the Company and Beijing Yutai agreed to acquire 49% and 2% equity interest of the Target, respectively. Please refer to the announcement of the Company dated 14 August 2015 for further information.

* *For identification purposes only*

Save as the above, the Group does not have any material subsequent event after the Interim Period.

USE OF PROCEEDS FROM GLOBAL OFFERING

During the period from the date of listing (i.e. 7 July 2014) (the "**Listing Date**"), to 30 June 2015, the net proceeds from the listing had been applied as follows:

Intended use of proceeds as disclosed in the prospectus of the Company dated 24 June 2014 (the "Prospectus")	**Actual use of proceeds from the Listing Date to 30 June 2015** *RMB'000*
Enhancement of our event broadcast services capabilities	38,956
Enhancement of our application solutions capabilities	22,999
Acquisition of or investment in companies with proprietary know-how or inventions so as to create synergies with our current capabilities, including in the areas of IP video, cloud infrastructure and streaming technologies	28,981
Working capital and general corporate purposes	17,048
Enhancement of our equipment development and sales capabilities	10,959
Enhancement of our system maintenance services capabilities	9,914
Finance project and bid related bonds to support increased business volume	11,592
Total utilised net proceeds from the listing:	170,476
Unutilised balance of the net proceeds from the listing:	30,027

The Group intends to apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Prospectus. Details of the intended use of proceeds were set out in the Prospectus.

The Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group. Announcement will be made regarding any adjustment of the use of the proceeds if and when appropriate.

SHARE AWARD PLAN

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted the share award plan (the "**Share Award Plan**") on 24 March 2014. The Share Award Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). Up to the date of this announcement, a total of 8,864,868 shares were awarded to 7 selected participants pursuant to the Share Award Plan. Details of the awards will be set out in the 2015 Interim Report of the Company.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was conditionally adopted by resolutions in writing passed by the shareholders of the Company on 13 June 2014. Under the Share Option Scheme, the Directors may grant options to subscribe for shares of the Company to eligible participants, including without limitation employees of the Group, directors of the Company and its subsidiaries.

On 9 April 2015, share options in respect of up to 14,216,000 ordinary shares of HK$0.01 each in the share capital of the Company were granted to eligible grantees under the Share Option Scheme.

Save as disclosed above, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme during the Interim Period. As at 30 June 2015, an aggregate of 14,216,000 share options in the shares of the Company were outstanding.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") (with certain modifications) as its own code of conducts regarding Directors' securities transaction. In response to a specific enquiry by the Company, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Interim Period.

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 during the Interim Period.

CORPORATE GOVERNANCE

The Board has committed to maintaining high corporate governance standards. Throughout the six months ended 30 June 2015, the Company has continued to apply the principles as set out in the Corporate Governance Code, where applicable, as contained in Appendix 14 to the Listing Rules (the "**CG Code**").

The Board considers that during the six months ended 30 June 2015, the Company has complied with all the code provisions as set out in the CG Code, save and except for code provision A.2.1 with details set out below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Currently, the Chairman of the Board and Chief Executive Officer of the Company are held by Mr. Lo Chi Sum. Since the establishment of the Group in 2007, Mr. Lo has been the key leadership figure of the Group who has been primarily involved in formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group's operations as he directly supervises the members of senior management. The Directors meet regularly to consider major matters affecting the operation 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 manager of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

CHANGE OF DIRECTORS

During the six months ended 30 June 2015, Mr. Ma Guoli resigned as an independent non-executive Director and a member of each of the audit committee and the remuneration committee of the Board, and Mr. Mak Kwok Wing was appointed as an independent non-executive Director and a member of each of the audit committee and the remuneration committee of the Board with effect from 13 May 2015. Please refer to the announcement of the Company dated 13 May 2015 for further details.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Hung Muk Ming, Dr. Ng Chi Yeung, Simon and Mr. Mak Kwok Wing. 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 interim financial information and relevant 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 Group's unaudited interim financial information have been reviewed by PricewaterhouseCoopers, the auditors of the Company, in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performance by the Independent Auditor of the Entity".

PUBLICATION

The interim results announcement of the Company for the Interim Period is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.css-group.net) respectively. The 2015 interim report will be despatched to the shareholders of the Company 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 and Executive Director

Hong Kong, 24 August 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 Dr. Ng Chi Yeung, Simon, Mr. Hung Muk Ming and Mr. Mak Kwok Wing.