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 2015

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 16.7% to RMB623.4 million for the year ended 31 December 2015 (the "**Current Period**") from RMB748.5 million for the year ended 31 December 2014 (the "**Corresponding Period**").
- Gross profit decreased by approximately 20.8% to RMB182.9 million for the year ended 31 December 2015 from RMB231.0 million for the year ended 31 December 2014.
- Net profit decreased by approximately 48.4% to RMB50.1 million for the year ended 31 December 2015 from RMB97.1 million for the year ended 31 December 2014.
- The Board proposes the distribution of final dividend of HK0.6 cents (equivalent to RMB0.5 cents) per ordinary share for the year ended 31 December 2015.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") is pleased to announce the audited consolidated final results of Century Sage Scientific Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015, together with the comparative figures for the Corresponding Period in 2014. 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 Company (the "**Audit Committee**").

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**623,432**	748,535
Cost of sales	*3*	**(440,488)**	(517,583)
Gross profit		**182,944**	230,952
Selling expenses	*5*	**(34,685)**	(32,567)
Administrative expenses	*5*	**(85,847)**	(78,051)
Other gains/(loss) — net	*4*	**3,503**	(821)
Operating profit		**65,915**	119,513
Finance income	*6*	**159**	925
Finance costs	*6*	**(8,859)**	(8,298)
Finance costs — net	*6*	**(8,700)**	(7,373)
Share of loss of investments accounted for using the equity method	*7*	**(38)**	–
Profit before income tax		**57,177**	112,140
Income tax expense	*8*	**(7,090)**	(15,087)
Profit for the year		**50,087**	97,053
Profit attributable to:			
Owners of the Company		**50,087**	97,053
Earnings per share (expressed in RMB cents per share)			
— Basic and Diluted	*9*	**5.01**	11.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**50,087**	97,053
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(2,253)**	(1,783)
Total comprehensive income for the year	**47,834**	95,270
Attributable to:		
Owners of the Company	**47,834**	95,270

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment	*10*	**58,677**	58,002
Intangible assets	*11*	**38,142**	20,736
Deferred income tax assets		**2,084**	3,277
Available-for-sale financial assets	*12*	**19,063**	–
Prepayments	*13*	**–**	5,000
Investments accounted for using the equity method	*7*	**26,942**	–
Other non-current assets		**1,322**	1,355
		146,230	88,370
Current assets			
Inventories	*14*	**122,775**	170,542
Trade and other receivables	*13*	**478,274**	348,362
Pledged bank deposits		**16,115**	6,668
Cash and cash equivalents		**62,082**	119,708
		679,246	645,280
Total assets		**825,476**	733,650
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**7,933**	7,933
Share premium		**252,286**	252,286
Other reserves		**(58,031)**	(64,732)
Retained earnings		**209,185**	190,098
Total equity		**411,373**	385,585

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Liabilities			
Non-current liabilities			
Borrowings	*15*	**29,474**	–
Deferred income tax liabilities	*17*	**1,451**	1,821
		30,925	1,821
Current liabilities			
Trade and other payables	*16*	**200,562**	209,306
Current income tax liabilities		**5,646**	47,048
Borrowings	*15*	**176,970**	89,890
		383,178	346,244
Total liabilities		**414,103**	348,065
Total equity and liabilities		**825,476**	733,650
Net current assets		**296,068**	299,036
Total assets less current liabilities		**442,298**	387,406

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Cash flows from operating activities			
Cash generated from operations		**7,661**	(61,190)
Interest paid		**(5,582)**	(4,237)
Income tax paid		**(47,287)**	(11,496)
Net cash used in operating activities		**(45,208)**	(76,923)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(11,263)**	(6,806)
Payment of pledged bank deposits		**(16,115)**	(2,371)
Collection of pledged bank deposits		**6,668**	4,909
Purchase of pledged key-man life insurance		**(18,689)**	–
Prepayment to purchase of intangible assets		**–**	(5,000)
Purchase of intangible assets		**(19,814)**	–
Prepayment for purchase of a subsidiary		**(16,756)**	(5,184)
Payment for purchase of an associate	*7*	**(18,726)**	–
Net cash used in investing activities		**(94,695)**	(14,452)
Cash flows from financing activities			
Proceeds from issue of new shares		**–**	214,802
Payment of share issuance costs		**–**	(25,258)
Proceeds from borrowings		**248,842**	100,047
Repayments of borrowings		**(132,288)**	(68,325)
Dividends paid to the then shareholders		**(31,000)**	(60,000)
Net cash generated from financing activities		**85,554**	161,266
Net increase in cash and cash equivalents		**(54,349)**	69,891
Cash and cash equivalents at beginning of year		**119,708**	53,878
Exchange losses on cash and cash equivalents		**(3,277)**	(4,061)
Cash and cash equivalents at end of the year		**62,082**	119,708

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 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 of directors on 24 March 2016.

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 all applicable 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, which is carried at fair value.

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. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

- Amendments from annual improvements to HKFRSs–2010–2012 Cycle, on IFRS 8, "Operating segments", HKAS 16, "Property, plant and equipment" and HKAS 38, "Intangible assets' and HKAS 24, "Related party disclosures".

- Amendments from annual improvements to HKFRSs–2011–2013 Cycle, on HKFRS 3, "Business combinations", HKFRS 13, "Fair value measurement" and HKAS 40, "Investment property'.

The new and amended standards are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

- HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

- Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

- HKFRS 16, "Lease" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 "Leases", and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to the entity adopting HKFRS 15 "Revenue from contracts with customers" at the same time. The Group is currently assessing the impact of HKFRS 16.

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	
	2015	2014
	RMB'000	*RMB'000*
Segment revenue		
Application solutions		
— Production and broadcast	**385,984**	420,500
— Transmission	**128,770**	212,387
Subtotal	**514,754**	632,887
Sports event broadcast services	**57,397**	55,894
System maintenance services	**17,547**	27,165
Equipment development and sales	**33,734**	32,589
Total	**623,432**	748,535
Segment cost		
Application solutions		
— Production and broadcast	**(294,609)**	(316,418)
— Transmission	**(93,261)**	(143,402)
Subtotal	**(387,870)**	(459,820)
Sports event broadcast services	**(28,467)**	(29,235)
System maintenance services	**(8,592)**	(13,179)
Equipment development and sales	**(15,559)**	(15,349)
Total	**(440,488)**	(517,583)
Segment gross profit		
Application solutions		
— Production and broadcast	**91,375**	104,082
— Transmission	**35,509**	68,985
Subtotal	**126,884**	173,067
Sports event broadcast services	**28,930**	26,659
System maintenance services	**8,955**	13,986
Equipment development and sales	**18,175**	17,240
Total	**182,944**	230,952
Depreciation		
Application solutions		
— Production and broadcast	**5,909**	5,332
— Transmission	**1,968**	2,693
Subtotal	**7,877**	8,025
Sports event broadcast services	**917**	709
System maintenance services	**292**	344
Equipment development and sales	**517**	413
Total	**9,603**	9,491

For the year ended 31 December 2015, only one customer which is located in the PRC, accounted for greater than 10% of the Group's total revenues:

	Year ended 31 December			
	2015		2014	
	Amount	**% of total revenue**	Amount	% of total revenue
	RMB'000		*RMB'000*	
Customer A	129,284	21%	153,701	21%

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	
	2015	2014
	RMB'000	*RMB'000*
Revenue		
Mainland China	**561,588**	721,371
Macau	**19,253**	12,478
Hong Kong	**32,101**	10,414
Others	**10,490**	4,272
	623,432	748,535

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Total of non-current assets other than deferred tax assets, available-for-sales financial assets, and investment in associates		
Mainland China	**98,141**	85,093

Breakdown of the revenue from all services is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Analysis of revenue by category		
Sales of goods	**548,488**	665,476
Revenue from services	**74,944**	83,059
	623,432	748,535

4 OTHER GAINS/(LOSS) — NET

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Insurance reimbursement	**11**	3
Losses from disposal of property, plant and equipment	**(985)**	(305)
Fair value change in available-for-sale financial assets	**374**	(1,121)
Government grants	**3,070**	–
Others	**1,033**	602
	3,503	(821)

5 EXPENSE BY NATURE

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Inventory costs	**405,621**	465,632
Servicing and agency costs	**11,326**	23,304
Employee benefit expenses	**73,769**	59,471
Transportation costs	**8,048**	8,730
Business tax and other transaction taxes	**1,203**	3,245
Depreciation expense *(Note 10)*	**9,603**	9,491
Amortisation expenses of Intangible assets *(Note 11)*	**2,408**	169
Business development	**5,716**	7,644
Travelling and transportation expenses	**12,076**	11,121
Exhibition and conference	**731**	3,052
Advertising costs	**3,440**	1,122
Auditor's remuneration	**2,700**	2,500
Legal fee and professional charges	**6,852**	2,162
Operating lease rentals	**4,241**	3,137
Office expenses	**5,471**	4,994
Provision for inventory obsolescence	**652**	(335)
Provision for bad debts *(Note 13)*	**284**	507
Bank charges	**2,645**	1,184
Share issuance cost	**–**	19,091
Others	**4,234**	1,980
	561,020	628,201

6 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Finance expenses		
— Interest expenses on bank borrowings	**(5,582)**	(4,237)
— Net foreign exchange loss	**(3,277)**	(4,061)
	(8,859)	(8,298)
Finance income		
— Interest income on short-term bank deposits	**159**	925
Net finance costs	**(8,700)**	(7,373)

7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amount recognised in the balance sheet is as follows:

	2015	2014
	RMB'000	*RMB'000*
Associates	**26,942**	–

The amounts recognised in the income statement are as follows:

	2015	2014
	RMB'000	*RMB'000*
Associates	**(38)**	–

Investment in a associate

Set out below is the associate of the Group as at 31 December 2015 which, in the opinion of the directors, is immaterial to the Group. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business, country of incorporation**	**% of ownership interest**	**Nature of the relationship**	**Measurement method**
Beijing Gefei Technology Development Company Limited* (北京格非科技發展有限公司) ("**Beijing Gefei**")	Beijing	49%	associate	Equity

(i) In December 2015, the group acquired 49% equity interest of Beijing Gefei at a total consideration of RMB26,980,000 which shall be settled by the Company by a combination of cash in the amount of RMB18,726,000, and allocations of 8,396,000 shares of the Company's shares at fair value of RMB8,254,000. The principal activities of Beijing Gefei includes research and development of software and equipment and sales of software system for the All-Media industry in the PRC.

* *For identification purposes*

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current income tax — PRC enterprise income tax	**6,506**	16,955
Adjustments in respect of prior years	**(239)**	(2,155)
Withholding income tax	**–**	1,000
Deferred income tax *(Note 17)*	**823**	(713)
Income tax expense	**7,090**	15,087

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**57,177**	112,140
Tax calculated at statutory tax rates applicable to profits in the respective companies	**14,294**	28,035
Tax effects of		
— Expenses not deductible for tax purpose	**2,454**	2,052
— Adjustments in respect of prior years	**(239)**	(2,155)
— Withholding income tax	**–**	1,000
— Effect of preferential tax rate	**(9,419)**	(13,845)
Income tax expense	**7,090**	15,087

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 subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are 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 years ended 31 December 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 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%.

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.

9 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the years ended 31 December 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:

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company *(in RMB'000)*	**50,087**	97,053
Weighted average number of ordinary shares in issue (in thousand)[(i)]	**1,000,621**	871,233
Basic earnings per share *(RMB cents per share)*	**5.01**	11.14

(i) The calculation of basic earnings per share for year ended 31 December 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.

The calculation of basic earnings per share for year ended 31 December 2015 was adjusted by considering the impact of 8,396,000 shares of the Company's shares to be issued related to the acquisition of 49% equity interest in Beijing Gefei (Note 7).

(b) Diluted

Potential dilutive ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. Therefore, the diluted earnings per share equals the basic earnings per share.

10 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 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
Change for the year *(Note 5)*	(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
Cost				
At 1 January 2015	57,008	14,781	13,684	85,473
Additions	662	6,864	3,737	11,263
Disposals	(1,895)	(32)	(184)	(2,111)
At 31 December 2015	55,775	21,613	17,237	94,625
Accumulated depreciation				
At 1 January 2015	(10,661)	(9,659)	(7,151)	(27,471)
Disposals	1,498	(193)	(179)	1,126
Change for the year	(3,318)	(4,628)	(1,657)	(9,603)
At 31 December 2015	(12,481)	(14,480)	(8,987)	(35,948)
Net book value				
At 31 December 2015	43,294	7,133	8,250	58,677

11 INTANGIBLE ASSETS

	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	–	(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
Year ended 31 December 2015					
Opening net book amount	12,100	2,933	4,532	1,171	20,736
Additions	–	15,000	–	4,814	19,814
Amortisation charge	–	(998)	(1,071)	(339)	(2,408)
Closing net book amount	12,100	16,935	3,461	5,646	38,142
At 31 December 2015					
Cost	12,100	18,005	4,609	6,005	40,719
Accumulated amortisation	–	(1,070)	(1,148)	(359)	(2,577)
Net book value	12,100	16,935	3,461	5,646	38,142

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Year ended 31 December	
	2015 ***RMB'000***	2014 *RMB'000*
At beginning of the year	**–**	4,189
Addition	**18,689**	–
Fair value adjustment	**374**	(1,121)
Disposal	**–**	(3,068)
At end of the year	**19,063**	–

The available-for-sale financial assets in 2015 represented a key-man life insurance policy. The Group is the beneficiary of the insurance policies. The insurance policy was pledged to the bank as securities for certain facilities granted to the Group.

13 TRADE AND OTHER RECEIVABLES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Included in non-current assets		
Prepayments	**–**	5,000
Included in current assets		
Trade receivables	**371,749**	278,674
Less: provision for impairment of trade receivable	**(1,133)**	(849)
Trade receivables — net	**370,616**	277,825
Other receivables		
Amount due from customers for contract work	**1,866**	1,365
Deposit for guarantee certificate over tendering and performance	**30,533**	13,278
Prepayments	**35,251**	38,001
Deposit for acquisition of a subsidiary	**16,756**	–
Cash advance to employees	**6,914**	7,818
Others	**16,338**	10,075
Current portion	**478,274**	348,362
	478,274	353,362

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
At beginning of the year	**(849)**	(342)
Provision for impairment	**(284)**	(507)
At end of the year	**(1,133)**	(849)

14 INVENTORIES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Equipments and parts	**99,093**	60,020
Contract work in progress	**26,319**	112,507
	125,412	172,527
Provision for inventory	**(2,637)**	(1,985)
	122,775	170,542

15 BORROWINGS

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Non-current		
Bank borrowings	**29,474**	–
Current		
Bank borrowings	**176,970**	89,890
Total borrowings	**206,444**	89,890

16 TRADE AND OTHER PAYABLES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables	**95,501**	34,602
Amounts due to customers for contract work	**–**	178
Advances from customers	**40,888**	101,800
Employee benefits payable	**3,719**	7,037
Other taxes payable	**51,797**	56,608
Receipt in advance	**680**	510
Accrual for professional service fee	**2,558**	2,193
Others	**5,419**	6,378
	200,562	209,306

17 DEFERRED INCOME TAX

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	**1,616**	1,130
— Deferred tax asset to be recovered within 12 months	**468**	2,147
	2,084	3,277
Deferred tax liabilities:		
— Deferred tax liabilities to be recovered after more than 12 months	**1,081**	1,451
— Deferred tax liabilities to be recovered within 12 months	**370**	370
	1,451	1,821
Deferred tax assets — net	**633**	1,456

18 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	
	2015	2014
	RMB'000	*RMB'000*
Technical knowhow and relevant development services	–	10,000

(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 year is disclosed (Note 5).

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

Group	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
No later than 1 year	**933**	1,217
Later than 1 year and no later than 2 years	**583**	738
Later than 2 year and no later than 3 years	**15**	554
	1,531	2,509

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the delay in the tendering process of some potential projects and decrease in customer spending due to the slowdown in the growth of the economy, the Group recorded a decrease of 16.7% in revenue of RMB623 million and 48% in the net profit of RMB50 million in the Current Period as compared to the Corresponding Period.

BUSINESS REVIEW

In 2015, the PRC economy has shifted to a state of "new normal" where the structural adjustments of the industries continued and the economic downside risk increased. The tendering process of some potential projects has been delayed. We also see there was a decrease in customer spending due to the slowdown in the growth of the economy.

China is seeking a balance between economic growth and reforms, as the government is trying to change the growth mode with low efficiency. Therefore, the reform shall incline to support new industries and new economy sectors. We believe the government will continue to support the growth of the media industries. For instance, President Xi Jinping has paid an important inspection tour to three leading news providers on 19 February 2016. During a tour to the People's Daily, Xinhua News Agency and China Central Television, he expressed support to these media and has given high expectation to them. Xi encouraged the media to carry positive energy to the society, and also to bridge China with the world. For example, at the headquarters of CCTV, Xi visited the control room and made a video call to CCTV's Washington-based North America branch, and asked them to introduce China's social economic development in an objective, truthful and all-around way, tell stories about China well, and introduce Chinese culture and bridge friendship. We expect the overseas expansion will continue.

As announced on 23 June 2015, the Group has won a significant project in Zimbabwe, South Africa in relation to sell and installation of broadcasting studios and sales of transmission vehicles in Zimbabwe. We have also been awarded a project which involves provision of supply of equipment and installation for the national education and research network in Bhutan. Please refer to our announcement on 16 December 2015 for more details.

Since the sixth plenum of the 17th Central Committee of the Communist Party of China (中國共產黨中央委員會十七屆六中全會), the PRC government announced the policy of "spreading the Chinese cultural industry to foreign countries" (讓文化產業走出去), which is generally consistent with the Group's strategy to expand into the international market. The Group is of the view that the Zimbabwe project provided an excellent opportunity for the Group to lay its footprint in the countries affiliated with the PRC's One-Belt, One-Road policy, thereby strengthening the Group's market position in the industry as a leading China-based All-Media solution provider.

We also foresee the development and integration of the new media and the traditional media will continue to be an important growth driver in the upcoming years. In the Current Period, our project in progress for the Henan Daxiang Merged Media Group (河南大象媒體集團有限公司) is a typical example. It showed trend of all media development and investment direction and business opportunities. This media group is made up of 4 traditional media companies and 8 new media companies and is providing to the public all media services such as videos, mobile entertainments, electronic newspaper, outdoor commercials, etc[1].

In sports events, the Group actively planned to expand the diversity of sports events and explore the new opportunities in the chain of sports industry such as event management. The PRC State Council has set a target of RMB5 trillion output of the sports industry by 2025, representing a Combined Annual Growth Rate ("**CAGR**") of 22% over FY13–25. We have continued to provide services to many high profile international sports events. Some of the winter sports events included the Snowboarding Youth Championship in Heilongjiang, the World Figure Skating Championships in Shanghai, and the Air + Style Contest (World Snowboarding Beijing). In the track and field, we have been involved in the IAAF World Championships Beijing 2015 in September 2015. We have also taken the lion shares in the cycling races in China. The 10th "Tour of Hainan", a professional road bicycle race in Hainan province, marked our initial success in the effort of exploring new business opportunities in the value chain of the sports industry, such as program production and distribution, sports event organization and management which we shall get new revenue streams from sponsorship fee and programs organization fee, etc.

During the Current Period, the sales of self-developed products of the Group also performed well. Related products of the Shanghai research and development team and visualization software, which were acquired by the Group in 2014, have been integrated into our business channel and generated certain extent of synergy. Our self-developed products cover both broadcasting and non-broadcasting industries. Non-broadcasting agencies, such as public security and the military, are of great potential. We have put more efforts in the sales of products to non-broadcasters in Xinjiang, Qinghai, Chongqing and some other major cities. In the 3G/4G video transmission area, we believe that the technology and product of the Group are already in the leading position in the international market. Meanwhile, leveraging on the increasing research and development capacity and the hard works of our team, the Group launched a series of compression products complying with the AVS+ format in August 2015. AVS+ is the compression standard of the PRC. The transmission system for TV broadcasting across the PRC will gradually shift to the PRC standard in an orderly manner, whereby market potential emerges. We will continue to launch more products in 2016 to meet the demands of both the domestic and overseas market. Lastly, the expansion of self-developed products into overseas markets has been very encouraging and we have received orders from Morocco, Oman, Kuwait and some other countries. The revenues from overseas market now become an important part of the self-developed products business.

[1] Henan Daxiang Merged Media Group: Henan Daxiang Merged Media Group Co., Ltd. ("Daxiang Merged Media") incorporated in October 2014 is the new group corporation set up by Henan Television by integrating four traditional media units and eight media companies. Daxiang Merged Media has possessed 14 mainstream media segments including the newspaper, the magazine, the broadcast, the television, the website, the network television station, the IPTV, the mobile phone newspaper (SMS news), the mobile phone radio station, the mobile phone television, the telephone broadcast, the mobile phone client, the mobile television, the outdoor large LED screen, and 38 media broadcast platforms.

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 year.

Revenue

Our Group's revenue decreased by approximately 16.7% from approximately RMB748.5 million for the year ended 31 December 2014 to approximately RMB623.4 million for the year ended 31 December 2015. The decrease was attributable to a decrease in revenue from the application solutions and system maintenance services business segments.

	For the year ended 31 December			
	2015		2014	
	RMB'000	***% of total revenue***	*RMB'000*	*% of total revenue*
Segment revenue				
Application solutions				
— Production and broadcast	**385,984**	**61.9%**	420,500	56.2%
— Transmission	**128,770**	**20.7%**	212,387	28.4%
Subtotal	**514,754**	**82.6%**	632,887	84.6%
Sports event broadcast services	**57,397**	**9.2%**	55,894	7.5%
System maintenance services	**17,547**	**2.8%**	27,165	3.6%
Equipment development and sales	**33,734**	**5.4%**	32,589	4.3%
Total	**623,432**	**100.0%**	748,535	100.0%

Application solutions

Revenue generated by the Group's application solutions segment remained the most substantial contributor to its revenue, decreased by 18.7% from approximately RMB632.9 million for the Corresponding Period to approximately RMB514.8 million for the Current Period. This revenue segment represented approximately 84.6% and 82.6% respectively of the total revenue of the Group for the year ended 31 December 2014 and 2015. Such contribution ratio has been dropped by 2.0%, even though the amount has been increased, which was due to the faster growth rate of the other two higher gross profit business segments, namely the sports event broadcast services and the equipment development and sales segment. The revenue from the provision of production and broadcast application solutions decreased from approximately RMB420.5 million for the Corresponding Period to approximately RMB386.0 million for the Current Period, representing a decrease of 8.2%. Whereas, the revenue from the provision of transmission application solutions decreased from approximately RMB212.4 million for the Corresponding Period to approximately RMB128.8 million for the Current Period, representing a decrease of 39.4%. These decreases were mainly attributable to the decrease in number of completed projects for the Current Period.

Sports event broadcast services

Revenue from sports event broadcast services represented approximately 7.5% and 9.2% of the total revenue of the Group for the year ended 31 December 2014 and 2015, respectively and increased from approximately RMB55.9 million for the Corresponding Period to approximately RMB57.4 million for the Current Period, representing an increase of 2.7%. Such increase was mainly attributable to the sustained demand for sports event broadcast services and the Group's effort in expanding the business segment during 2015.

System maintenance services

Revenue from system maintenance services represented approximately 3.6% and 2.8% of the total revenue of the Group for the year ended 31 December 2014 and 2015, respectively and decreased approximately from RMB27.2 million for the Corresponding Period to RMB17.5 million for the Current Period, representing a decrease of 35.4%. Such decrease was mainly attributable to the slowdown of the general economy that spending on the maintenance services was also affected.

Equipment development and sales

Revenue from equipment development and sales represented approximately 4.3% and 5.4% of the total revenue of the Group for the year ended 31 December 2014 and 2015, respectively and increased approximately from RMB32.6 million for the year ended 31 December 2014 to RMB33.7 million for the year ended 31 December 2015, representing an increase of 3.5%. Such increase was mainly attributable to an increase in the number of units of the Group's self developed equipment sold as we expanded our customer base.

Cost of sales

Our Group's cost of sales decreased by approximately 14.9%, from RMB517.6 million for the Corresponding Period to RMB440.5 million for the Current Period. The decrease was mainly attributable to the decrease in the overall business volume during 2015. The following table sets forth the cost of sales for each business segment for the year ended 31 December 2014 and 2015:

	For the year ended 31 December			
	2015		2014	
	RMB'000	***% of total revenue***	*RMB'000*	*% of total revenue*
Segment cost of sales				
Application solutions				
— Production and broadcast	**294,609**	**66.9%**	316,418	61.1%
— Transmission	**93,261**	**21.2%**	143,402	27.7%
Subtotal	**387,870**	**88.1%**	459,820	88.8%
Sports event broadcast services	**28,467**	**6.5%**	29,235	5.6%
System maintenance services	**8,592**	**2.0%**	13,179	2.5%
Equipment development and sales	**15,559**	**3.4%**	15,349	3.0%
Total	**440,488**	**100.0%**	517,583	100.0%

The Group's cost of sales for the application solutions segment decreased by 14.9% for the Current Period, compared to the Corresponding Period, which was primarily due to the decrease in revenue of the Group.

Gross profit and gross profit margin

For the year ended 31 December 2014 and 2015, the Group's gross profit was RMB231.0 million and RMB182.9 million respectively. The Group's gross profit margin was 30.9% and 29.3% for the year ended 31 December 2014 and 2015, respectively. The following table sets forth the gross profit and gross profit margin of each of the Group's segments for the year ended 31 December 2014 and 2015:

	For the year ended 31 December			
	2015		2014	
	RMB'000	***Gross profit margin %***	*RMB'000*	*Gross profit margin %*
Segment gross profit and gross profit margin				
Application solutions				
— Production and broadcast	**91,375**	**23.7%**	104,082	24.8%
— Transmission	**35,509**	**27.6%**	68,985	32.5%
Subtotal	**126,884**	**24.6%**	173,067	27.3%
Sports event broadcast services	**28,930**	**50.4%**	26,659	47.7%
System maintenance services	**8,955**	**51.0%**	13,986	51.5%
Equipment development and sales	**18,175**	**53.9%**	17,240	52.9%
Total	**182,944**	**29.34%**	230,952	30.9%

Application solutions

Our gross profit from provision of application solutions decreased by approximately 26.7%, from RMB173.1 million for the year ended 31 December 2014 to RMB126.9 million for the year ended 31 December 2015 while our gross profit margin of the segment decreased slightly from 27.3% for the year ended 31 December 2014 to 24.6% for the year ended 31 December 2015, primarily due to the lower gross profit margin of those large-scale projects with total contract amount above RMB20 million.

Sports event broadcast services

Our gross profit from sports event broadcast services increased by approximately 8.5%, from RMB26.7 million for the year ended 31 December 2014 to RMB28.9 million for the year ended 31 December 2015. Gross profit margin for the segment also increased by 2.7% from 47.7% in 2014 to 50.4% in 2015. The increase in gross profit was mainly attributable to the increase in recognized revenue following the increase in the number of completed projects during the period as a result of our effort in promoting our sports event broadcast service 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 decreased by approximately 36.0%, from RMB14.0 million for the year ended 31 December 2014 to RMB9.0 million for the year ended 31 December 2015. The decrease in gross profit was mainly attributable to the decrease in some repair contracts executed and recognized in the Current Period. The gross profit margin decreased slightly from 51.5% for the Corresponding Period to 51.0% for the Current Period.

Equipment development and sales

Our gross profit from equipment development and sales increased by approximately 5.4%, from RMB17.2 million for the year ended 31 December 2014 to RMB18.2 million for the year ended 31 December 2015 while gross profit margin increased from 52.9% for the year ended 31 December 2014 to 53.9% for the year ended 31 December 2015. The increase in gross profit margin was mainly attributable to the higher margin equipment developed from our newly hired Shanghai research and development team during the Current Period.

Other Income/Loss

Other income was approximately RMB0.8 million and RMB3.5 million for the year ended 31 December 2014 and 2015 respectively, which was mainly due to the value added tax refund for the software revenue recognized which has been claimed and refunded from the local tax bureau during 2015. There is other loss of approximately RMB0.8 million for the year ended 31 December 2014, which was mainly attributable to the loss from the acquisition of the subsidiary of AVIT (Shanghai Accurate Video Info-Tech Co., Limited).

Listing expenses

For the Current Period, there were no listing expenses. The Group incurred listing expenses of RMB19.1 million for the initial public offering completed in 2014.

Selling and administrative expenses

Selling expenses increased by approximately 6.5%, from RMB32.6 million for the year ended 31 December 2014 to RMB34.7 million for the year ended 31 December 2015. The increase in selling expense was mainly attributable to the increase of the labor cost for the sales staff and the travelling expense.

Administrative expenses increased by approximately 10.0%, from RMB78.1 million for the year ended 31 December 2014 to RMB85.8 million for the year ended 31 December 2015. The increase in administrative expense was mainly attributable to (i) the increase in employee benefit expenses; (ii) the increase in the legal and professional expense after the listing; and (iii) the increase in the research and development expense after the acquisition of AVIT.

Net finance costs

Net finance costs increased by approximately 18.0%, from RMB7.4 million for the year ended 31 December 2014 to RMB8.7 million for the year ended 31 December 2015. 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 RMB15.1 million and RMB7.1 million respectively for the year ended 31 December 2014 and 2015, representing a decrease of 53.0%. The effective tax rate decreased to approximately 12.4% for the year ended 31 December 2015 from approximately 13.5% for the year ended 31 December 2014, primarily due to the increase of the deductable expenses and the reversal of the overestimated income tax expenses for the year ended 31 December 2014.

Profit for the year

As a result of the foregoing factors, profit attributable to owners of our Company for the year ended 31 December 2015 decreased by approximately 48.4%, from RMB97.1 million for the year ended 31 December 2014 to RMB50.1 million for the year ended 31 December 2015. Our net profit margin decreased from 13.0% for the Corresponding Period to 8.0% for the Current Period, primarily due to the decrease of the gross profit margin and the increase of the expenses.

Liquidity, financial resources and capital structure

Net cash used in the Group's operating activities amounted to RMB45.2 million for the year ended 31 December 2015 and RMB76.9 million for the year ended 31 December 2014. The net cash outflow of the Group's operating activities 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 decrease in advances from customers; and partially off-set by the decrease in inventories resulted from the improvement of the project management and inventory planning work for the year ended 31 December 2015.

Net cash used in the Group's investing activities amounted to RMB14.5 million and RMB94.7 million for the year ended 31 December 2014 and 2015 respectively. The net cash outflow for the year ended 31 December 2015 mainly arose from the purchase of subsidiary and associate, 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 RMB85.6 million for the year ended 31 December 2015 and RMB161.3 million for the year ended 31 December 2014. The net cash generated from financing activities for the year ended 31 December 2015 was mainly attributable to the proceed from bank loans which partially offset by the payment of dividend declared for the year ended 31 December 2014.

As at 31 December 2015, the Group had current assets of approximately RMB679.2 million (as at 31 December 2014: approximately RMB645.3 million) and current liabilities of approximately RMB383.2 million (as at 31 December 2014: approximately RMB346.2 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 1.77 as at 31 December 2015, which was decreased as compared with the current ratio of approximately 1.86 as at 31 December 2014.

The Board's approach to managing liquidity is to ensure, as far as possible, that it 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, 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 rate, the Group has no other significant interest-bearing assets. The management of the Group 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.

Charge over assets of the Group

As at 31 December 2014 and 31 December 2015 respectively, bank borrowings of RMB61,500,000 and RMB77,400,000 were secured by the buildings of the Group, cost of which amounting to RMB66,353,000 and RMB51,722,000 respectively; trade receivables of RMB21,277,000 and RMB26,735,001, respectively.

Gearing position

The gearing ratio, represented total borrowings divided by total equity multiplied by 100%, was 23.3% and 50.2% respectively as of 31 December 2014 and 2015. The total borrowings of the Group increased from RMB89.9 million as at 31 December 2014 to RMB206.4 million as at 31 December 2015. Such increase was mainly attributable to the new borrowings of RMB29.5 million long-term financing and RMB87.1 million working capital loan. The total borrowings as at 31 December 2015 mainly comprised RMB77.9 million working capital loans, RMB29.5 million long-term borrowings and RMB99.1 million loans from project financing.

Use of proceeds from global offering

During the period from the date of listing (i.e. 7 July 2014) (the "**Listing Date**") to 31 December 2015, the net proceeds from the listing had been applied as follows:

	Actual use of proceeds from the Listing Date to 31 December 2015 *RMB'000*
Enhancement of our sports event broadcast services capabilities	55,575
Enhancement of our application solutions capabilities	32,220
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 products development and sales capabilities	12,956
Enhancement of our system maintenance services capabilities	12,104
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:	0

The Group applied such proceeds in a manner consistent with the intended use of proceeds as disclosed in the prospectus dated 24 June 2014 (the "**Prospectus**"). Details of the intended use of proceeds were set out in the Prospectus.

Material acquisitions and disposals

During the Current Period, the Group acquired 49% equity interest of Beijing Gefei Technology Development Company Limited* (北京格非科技發展有限公司) which became an associate of the Group after completion of the acquisition. Except for the acquisition mentioned above, the Group had no significant investments, mergers and acquisitions during the Current Period. Please refer to the announcement of the Company dated 14 August 2015 for information.

Capital commitment and contingent liabilities

As at 31 December 2015, the Group had capital commitment amounting to approximately RMB1,531,000 (as at 31 December 2014: approximately RMB12,509,000) which mainly represented the amounts contracted but not provided for the purchase of the intangible assets and operating lease.

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 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 year ended 31 December 2015.

As at 31 December 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.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK0.6 cents (equivalent to RMB0.5 cents) per ordinary share for the year ended 31 December 2015 (2014: HK3.9 cents), amounting to approximately HK$6 million (equivalent to RMB5 million). Subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting (the "**AGM**"), the proposed dividend will be payable to shareholders whose names appear on the Register of Members of the Company on 16 June 2016 and payable on 30 June 2016.

* *For identification purposes*

CLOSURE OF REGISTER OF MEMBERS

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

The AGM of the Company is scheduled to be held on 6 June 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 2 June 2016 to 6 June 2016 both days inclusive, during which period no transfer of share will be effected. 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 in Hong Kong, 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 1 June 2016.

(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 14 June 2016 to 16 June 2016, 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 13 June 2016.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution to equity holders, comprising the share premium, exchange fluctuation reserve and accumulated loss, amounted to approximately RMB403.4 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 to the Group's five largest customers accounted for about 36.9% (2014: 37.0%) of the Group's total revenue for the Current Period and the revenue from the largest customer included therein accounted for about 20.8% (2014: 20.6%) of the Group's total revenue.

In the Current Period, supplies from the Group's five largest suppliers accounted for about 11.3% (2014: 19.0%) of the Group's total operating cost for the Current Period and supplies from the largest supplier included therein accounted for about 4.2% (2014: 4.8%) of the Group's total operating cost.

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 2015, the Group had a total of 359 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.

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. 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. 1,000,000 award shares were vested in the name of 1 selected participant on 18 September 2015. Details of the awards will be set out in the 2015 annual report of the Company.

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. Up to the date of this announcement, a total 14,416,000 share options were granted to 4 executive Directors, 3 senior management members and 43 employees. Details of the awards will be set out in the 2015 annual report of the Company.

FUTURE OUTLOOK

Year 2016 will be challenging. As stated in Premier Li Keqiang's remarks in the PRC government work report at the 2016 NPC & CPPCC Sessions held in March 2016, China has lowered its economic growth expectations to the range of 6.5% to 7%. However, since the Group has been investing more in our core technology in the past years especially in 2015, we are confident to meet the challenges and to outperform the competitions.

Year 2015 was the year of investment for the Group. During 2015, integrating with the future strategic development plan, the Group proactively pushed forward the development of various businesses. In 2015, the Group has pursued 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". We believe these investments will bring fruitful results in 2016 and onwards.

The application solutions business segment will continue to deliver steady income and customer resources for the Group. Media operators are competing to each other to create better contents. Therefore, ongoing HDTV and Content Creation Upgrade still are the key drivers. We foresee the new media applications will be the additional nice add-on for new businesses to the Group in 2016. Again taking into consideration of 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.

The Group will continue to put in more efforts in both the sports event broadcast services and its products development and sales business as our strategy of endogenous development. The Group actively planned to expand the diversity of sport events and explore the new opportunities in the chain of sports industry such as event management. The State Council set a target of RMB5 trillion output of the sports industry by 2025, and representing a CAGR of 22% over FY13–25. High profile international events as well as mass participation sporting events are important parts of this aggressive growth plan. In October 2015, the Group has announced that it has reached a 6 years agreement with the organizer of the Tour of Hainan, an international professional bicycle race, that the Group did not only provide the technology solution to the organizer but we also engaged in the sports event commercial management and sponsorship promotion for the event. Please refer to the announcement of the Company dated 29 October 2015 for more details. 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 continues to aim 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. We will take part in more international events and to further expand our international network in 2016.

EVENT AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the reporting 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 year ended 31 December 2015.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2015, 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 for the year ended 31 December 2015.

AUDIT COMMITTEE

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 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 consolidated final results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed with the Group's auditors, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this preliminary announcement.

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 2015 annual 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

Hong Kong, 24 March 2016

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.