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## **Century Sage Scientific Holdings Limited**

**世紀睿科控股有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability)*

**(Stock Code: 1450)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately 109.7% to RMB111.0 million for the six months ended 30 June 2021 from RMB53.0 million for the six months ended 30 June 2020.
- Gross profit increased by approximately 61.9% to RMB28.9 million for the six months ended 30 June 2021 from RMB17.8 million for the six months ended 30 June 2020.
- Net loss decreased by approximately 19.2% to a net loss of RMB23.8 million for the six months ended 30 June 2021 from a net loss of RMB29.5 million for the six months ended 30 June 2020.
- The Board does not recommend the distribution of interim dividend for the six months ended 30 June 2021 (2020: Nil).

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Century Sage Scientific Holdings Limited (the “**Company**”) herewith announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Interim Period**”), together with the comparative figures for the six months ended 30 June 2020 (the “**Corresponding Period**”). The unaudited condensed consolidated interim results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
		Unaudited	Unaudited
Revenue	4	111,048	52,957
Cost of sales	4	(82,196)	(35,136)
<b>Gross profit</b>	4	<b>28,852</b>	17,821
Selling expenses		(3,981)	(5,128)
Administrative expenses		(29,453)	(23,158)
Research and development		(13,098)	(7,860)
Other gains — net		3,567	2,988
<b>Operating loss</b>	6	<b>(14,113)</b>	(15,337)
Finance income	7	11	16
Finance costs	7	(9,928)	(7,044)
Finance loss — net		(9,917)	(7,028)
Gain on disposal of a subsidiary		86	—
Share of results of associates	5	208	(7,236)
<b>Loss before income tax</b>		<b>(23,736)</b>	(29,601)
Income tax (expense)/credit	8	(93)	117
<b>Loss for the period</b>		<b>(23,829)</b>	(29,484)
<b>Loss attributable to:</b>			
Owners of the Company		(20,916)	(28,790)
Non-controlling interests		(2,913)	(694)

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
<i>Note</i>		<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	<b>Unaudited</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		<u>(537)</u>	<u>(1,793)</u>
<b>Other comprehensive loss for the six-month period then ended, net of tax</b>		<u>(537)</u>	<u>(1,793)</u>
<b>Total comprehensive loss for the period</b>		<u><b>(24,366)</b></u>	<u><b>(31,277)</b></u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		<u>(21,453)</u>	<u>(30,583)</u>
Non-controlling interests		<u>(2,913)</u>	<u>(694)</u>
<b>Loss per share (expressed in RMB cents per share)</b>			
Basic and diluted earnings per share	18	<u><b>(2.01)</b></u>	<u><b>(2.76)</b></u>

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		<b>30 June 2021</b>	31 December 2020
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	<b>Audited</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>31,680</b>	33,824
Intangible assets	10	<b>15,748</b>	17,556
Right-of-use assets		<b>1,686</b>	2,746
Deferred income tax assets		<b>1,013</b>	1,013
Trade and other receivables	11	<b>19,710</b>	19,710
Interests in associates	5	<b>34,104</b>	33,896
		<hr/>	<hr/>
Total non-current assets		<b>103,941</b>	108,745
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>84,912</b>	89,473
Other current assets	12	<b>23,974</b>	36,194
Trade and other receivables	11	<b>174,121</b>	193,707
Financial assets at fair value through profit or loss		<b>52,220</b>	52,279
Pledged bank deposits		<b>1,223</b>	5,463
Cash and cash equivalents		<b>3,930</b>	12,781
		<hr/>	<hr/>
Total current assets		<b>340,380</b>	389,897
		<hr/>	<hr/>
<b>Total assets</b>		<b>444,321</b>	498,642
		<hr/>	<hr/>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	<b>8,290</b>	8,290
Share premium	14	<b>269,212</b>	269,212
Other reserves		<b>(60,338)</b>	(59,819)
Retained earnings		<b>(157,689)</b>	(136,800)
		<hr/>	<hr/>
Total equity		<b>59,475</b>	80,883
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>21,990</b>	24,903
		<hr/>	<hr/>
<b>Total equity</b>		<b>81,465</b>	105,786
		<hr/>	<hr/>

		<b>30 June 2021</b>	31 December 2020
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	<b>Audited</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	16	<b>47,660</b>	15,457
Lease liabilities		<b>303</b>	420
Deferred income tax liabilities		<b>–</b>	162
		<hr/>	<hr/>
Total non-current liabilities		<b>47,963</b>	16,039
		<hr/>	<hr/>
<b>Current liabilities</b>			
Contract liabilities	13	<b>53,815</b>	73,687
Trade and other payables	17	<b>142,542</b>	129,098
Current income tax liabilities		<b>11,380</b>	11,288
Lease liabilities		<b>611</b>	1,756
Borrowings	16	<b>106,545</b>	160,988
		<hr/>	<hr/>
Total current liabilities		<b>314,893</b>	376,817
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>362,856</b>	392,856
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>444,321</b>	498,642
		<hr/>	<hr/>
<b>Net current assets</b>		<b>25,487</b>	13,080
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>129,428</b>	121,825
		<hr/>	<hr/>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Unaudited</b>					
<b>Balance at January 1, 2021</b>	<b>8,290</b>	<b>269,212</b>	<b>(59,819)</b>	<b>(136,800)</b>	<b>80,883</b>
<b>Comprehensive income</b>					
Profit for the period	–	–	–	(20,916)	(20,916)
<b>Other comprehensive income</b>					
— currency translation differences	–	–	(537)	–	(537)
<b>Total comprehensive income for the period ended 30 June 2021</b>	<b>–</b>	<b>–</b>	<b>(537)</b>	<b>(20,916)</b>	<b>(21,453)</b>
<b>Transactions with owners</b>					
Share option forfeited during the period	–	–	(27)	27	–
Employees share option scheme — value of employee services	–	–	45	–	45
<b>Total transactions with owners, recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>18</b>	<b>27</b>	<b>45</b>
<b>Balance as at 30 June 2021</b>	<b>8,290</b>	<b>269,212</b>	<b>(60,338)</b>	<b>(157,689)</b>	<b>59,475</b>
<b>Unaudited</b>					
<b>Balance at January 1, 2020</b>	<b>8,290</b>	<b>269,212</b>	<b>(66,164)</b>	<b>(40,419)</b>	<b>170,919</b>
<b>Comprehensive income</b>					
Profit for the period	–	–	–	(28,790)	(28,790)
<b>Other comprehensive income</b>					
— currency translation differences	–	–	(1,793)	–	(1,793)
<b>Total comprehensive income for the period ended 30 June 2020</b>	<b>–</b>	<b>–</b>	<b>(1,793)</b>	<b>(28,790)</b>	<b>(30,583)</b>
<b>Transactions with owners</b>					
Dividend to the then shareholders	–	–	–	–	–
Employees share option scheme — value of employee services	–	–	1,221	–	1,221
<b>Total transactions with owners, recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>1,221</b>	<b>–</b>	<b>1,221</b>
<b>Balance as at 30 June 2020</b>	<b>8,290</b>	<b>269,212</b>	<b>(66,736)</b>	<b>(69,209)</b>	<b>141,557</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
<b>Cash flows from operating activities</b>		
Cash generated from operations	13,263	4,601
Interest paid	(3,435)	(6,402)
Income tax paid	(93)	—
<b>Net cash generated from/(used in) operating activities</b>	<b>9,735</b>	<b>(1,801)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	—	(137)
Payment of pledged bank deposits	(1,223)	(542)
Collection of pledged bank deposits	5,463	107
Purchase of intangible assets	—	(98)
Proceeds from sales of property, plant and equipment	271	—
<b>Net cash generated from/(used in) investing activities</b>	<b>4,511</b>	<b>(670)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	9,231	30,000
Repayments of borrowings	(31,471)	(26,129)
<b>Net cash generated from/(used in) financing activities</b>	<b>(22,240)</b>	<b>3,871</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(7,994)</b>	<b>1,400</b>
Cash and cash equivalents at beginning of period	12,781	13,670
Exchange loss on cash and cash equivalents	(857)	(626)
<b>Cash and cash equivalents at end of the period</b>	<b>3,930</b>	<b>14,444</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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 are principally engaged in the provision of (i) application solutions, (ii) system maintenance services, (iii) sales of self-developed products and (iv) new media services, for the all-media industry in the People’s Republic of China (“**PRC**”). The Group has operations mainly in the mainland China.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 7 July 2014.

This interim financial information was approved for issue by the Board on 31 August 2021. 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 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), “Interim financial reporting”. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, 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 2020, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2021 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.

During the six months ended 30 June 2020, the Group had three reportable segments, namely (i) application solutions; (ii) system maintenance services; and (iii) sales of self-developed products. During the six months ended 30 June 2021, to better reflect current and future business development of the Group, the CODM decided to add another business segment, namely, new media services, based on the nature of the products and services provided, which are currently the basis used for the purpose of assessing the business performance, allocating resources, and managing business operations. Therefore, there were four reportable business segments for the Interim Period as follows:



- Application solutions
- System maintenance services
- Sales of self-developed products
- New media services

Consequently, the comparative segment information has been represented in order to conform with the presentation adopted in current period. The changes in the segment information do not have any impact on the Group's consolidated financial statements for the year ended 31 December 2020.

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 for the periods is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Segment revenue		
Application solutions	<b>76,207</b>	33,552
System maintenance services	<b>3,845</b>	4,431
Sales of self-developed products	<b>23,260</b>	13,161
New media services	<b>7,736</b>	1,813
Total	<b>111,048</b>	52,957
Segment cost		
Application solutions	<b>(67,538)</b>	(26,606)
System maintenance services	<b>(3,038)</b>	(3,545)
Sales of self-developed products	<b>(8,583)</b>	(4,591)
New media services	<b>(3,037)</b>	(394)
Total	<b>(82,196)</b>	(35,136)
Segment gross profit		
Application solutions	<b>8,669</b>	6,946
System maintenance services	<b>807</b>	886
Sales of self-developed products	<b>14,677</b>	8,570
New media services	<b>4,699</b>	1,419
Total	<b>28,852</b>	17,821
Depreciation		
Application solutions	<b>1,015</b>	1,268
System maintenance services	<b>51</b>	167
Sales of self-developed products	<b>310</b>	497
New media services	<b>103</b>	69
Total	<b>1,479</b>	2,001

## 5. INTERESTS IN ASSOCIATES

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
At 1 January	<b>33,896</b>	64,998
Addition	<b>–</b>	–
Share of post-tax profits of associates	<b>208</b>	(7,236)
	<b>34,104</b>	<b>57,762</b>

The Group's share of the results in Beijing Evertop Sports Culture Media Co., Ltd.\* (北京永達天恆體育文化傳媒有限公司) and its aggregated assets and liabilities are shown below:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Assets	<b>67,595</b>	80,522
Liabilities	<b>41,608</b>	49,244
Revenues	<b>7,563</b>	1,098
Share of profit	<b>208</b>	(3,688)
	<b>45%</b>	<b>45%</b>

The Group's share of the results in Beijing Gefei Technology Corporation\* (北京格非科技股份有限公司) and its aggregated assets and liabilities are shown below:

	<b>Six months ended 30 June 2020</b>
	<b>RMB'000</b>
	<b>Unaudited</b>
Assets	92,353
Liabilities	52,920
Revenues	21,061
Share of profit	(3,548)
	<b>49%</b>

## 6. OPERATING LOSS

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Equipment costs	<b>79,512</b>	32,886
Servicing and agency costs	<b>554</b>	618
Business development	<b>931</b>	1,290
Depreciation and amortisation	<b>3,287</b>	5,822
	<b>84,284</b>	<b>40,616</b>

## 7. FINANCIAL INCOME/(COSTS)

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Finance expenses		
Interest expenses on bank borrowings	(8,704)	(6,024)
Interest expenses on lease liabilities	(63)	(80)
Interest expenses on amounts due to directors	(98)	(86)
Interest expenses on amounts due to a shareholder	(206)	(228)
Net foreign exchange loss	(857)	(626)
	<u>(9,928)</u>	<u>(7,044)</u>
Finance income		
— Interest income on short-term bank deposits	<u>11</u>	<u>16</u>
Net finance costs	<u>(9,917)</u>	<u>(7,028)</u>

## 8. INCOME TAX (EXPENSE)/CREDIT

### 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 six months ended 30 June 2021 on the estimated assessable profit for the period. 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 Interim Period.

### PRC enterprise income tax (“EIT”)

Entities incorporated in the PRC are subject to EIT. According to the Law of the PRC on EIT (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 which 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 (“**HNTE**”) 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 was 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 Interim Period is analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	Unaudited
Current income tax	(93)	–
Deferred income tax	–	117
	<u>–</u>	<u>117</u>
Income tax (expense)/credit	<u><b>(93)</b></u>	<u>117</u>

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

## 9. DIVIDENDS

The Board does not recommend the distribution of interim dividend for the Interim Period (2020: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Property, plant and equipment</b>	<b>Other intangible assets</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	Unaudited	Unaudited
<b>Six months ended 30 June 2021</b>		
<b>Net book value or valuation</b>		
<b>Opening amount as at 1 January 2021</b>	<b>33,824</b>	<b>17,556</b>
Disposals	(271)	–
Disposals of a subsidiary	(394)	–
Depreciation	<u>(1,479)</u>	<u>(1,808)</u>
<b>Closing amount as at 30 June 2021</b>	<u><b>31,680</b></u>	<u><b>15,748</b></u>
<b>Six months ended 30 June 2020</b>		
<b>Net book value or valuation</b>		
<b>Opening amount as at 1 January 2020</b>	37,352	43,947
Additions	137	98
Disposals	–	–
Depreciation	<u>(2,001)</u>	<u>(3,821)</u>
<b>Closing amount as at 30 June 2020</b>	<u><b>35,488</b></u>	<u><b>48,344</b></u>

## 11. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
<b>Included in current assets</b>		
Trade receivables	184,313	207,274
Trade receivables from associates	4,026	3,803
Less: provision for impairment of trade receivables	(50,969)	(50,977)
<b>Trade receivables — net</b>	<b>137,370</b>	<b>160,100</b>
Other receivables		
Deposit for guarantee certificate over tendering and performance	17,325	16,838
Receivable related to deposit paid for acquisition of a subsidiary	16,934	16,934
Cash advance to staff	7,162	7,716
Contingent considerations receivable	17,755	17,755
Others	14,219	11,008
	73,395	70,251
Less: provision for impairment of prepayment for acquisition of a subsidiary	(16,934)	(16,934)
	56,461	53,317
<b>Less: Non-current portion</b>		
Trade receivables	2,009	2,009
Receivable for disposal of a subsidiary	17,755	17,755
Less: provision for impairment of trade receivables	(54)	(54)
	19,710	19,710
<b>Current portion</b>	<b>174,121</b>	<b>193,707</b>

As at 31 December 2020 and 30 June 2021, the aging analysis of the trade receivables based on revenue recognition date is as follows:

	As at	
	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Up to 3 months	60,500	75,296
3 to 6 months	13,666	11,045
6 months to 1 year	30,058	11,734
1 to 2 years	22,469	20,799
2 to 3 years	15,998	40,144
Over 3 years	45,648	52,059
	188,339	211,077

## 12. OTHER CURRENT ASSETS

	As at	
	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Prepayment for purchase of goods or services	<u>23,974</u>	<u>36,194</u>

## 13. CONTRACT LIABILITIES

	As at	
	30 June 2021 RMB'000 Unaudited	31 December 2020 RMB'000 Audited
Contract liability to third party	<u>53,815</u>	<u>73,687</u>

Contract liabilities primarily consist of the advance from customers for goods or services to be provided.

## 14. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Balance at 1 January 2021 and 30 June 2021	1,041,243,169	10,412	8,290	269,212	277,502
Balance at 1 January 2020	<u>1,041,243,169</u>	<u>10,412</u>	<u>8,290</u>	<u>269,212</u>	<u>277,502</u>
Balance at 30 June 2020	<u>1,041,243,169</u>	<u>10,412</u>	<u>8,290</u>	<u>269,212</u>	<u>277,502</u>

## 15. SHARE BASED PAYMENTS

### (i) Share Award Plan

The Company has adopted a share award plan (the “**Share Award Plan**”) on 24 March 2014, which is administered by a trustee (the “**Trustee**”). The major shareholder of the Company, Cerulean Coast Limited, has reserved and set aside a total of 22,500,000 award shares and held by the Trustee. The Share Award Plan involves granting of existing shares held by the Trustee.

Movement of the awarded shares under the Share Award Plan during the Interim Period is as the following:

	Number of awarded shares
At 1 January 2021	2,000,000
Vested	(2,000,000)
Forfeited	—
	<hr/>
At 30 January 2021	—
	<hr/>
At 1 January 2020	347,836
Vested	—
Forfeited	—
	<hr/>
At 30 June 2020	347,836
	<hr/>

The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date. There were no shares awarded under the Share Award Plan during the Interim Period.

### (ii) Share Option Scheme

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 13 June 2014.

On 21 August 2017, the Board approved the grant of an option in respect of 7,200,000 shares at the exercise price of HK\$0.435 per share under the option. The options were divided into 2 tranches at the grant date. The first tranche of 50% of the option can be exercised beginning on the 3rd anniversary of the date of the employment agreement between the respective grantee and the Group. The remaining tranche will become exercisable on the 4th anniversary of the date of the employment agreement between the respective grantee and the Group.

On 28 November 2018, the Board approved the grant of an option in respect of 57,670,000 shares at the exercise price of HK\$0.222 per share under the option. The option can be exercised beginning on the 2nd anniversary of the grant date.

On 10 September 2020, the Board approved the share options to subscribe for an aggregate of 7,000,000 underlying Shares at the exercise price of HK\$0.067 per Share (the “**2020 Scheme**”). 4,000,000 share options (“**Director Options**”) under the 2020 Scheme were granted to Mr. Li Jinping, an executive Director, and shall be exercisable from the 2nd anniversary of the date of grant (i.e. 10 September 2022). The remaining 3,000,000 share options under the 2020 Scheme shall be exercisable from the 3rd anniversary of the date of grant (i.e. 10 September 2023).

Movements in the number of share options outstanding for the Interim Period is as follows:

	<b>2017 Scheme</b>	<b>2018 Scheme</b>	<b>2020 Scheme</b>
At 1 January 2021	5,000,000	48,940,000	7,000,000
Granted	–	–	–
Lapsed	–	(400,000)	–
At 30 June 2021	<u>5,000,000</u>	<u>48,540,000</u>	<u>7,000,000</u>

The Directors 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.

	<b>2017 Scheme</b>	<b>2018 Scheme</b>	<b>2020 Scheme</b>
Risk free rate	1.30%	2.24%	2.95%
Dividend yield	1.38%	0.00%	0.00%
Expected volatility	48.38%	53.50%	75.7%

## 16. BORROWINGS

	<b>As at</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Non-current</b>		
Other borrowings	<u>47,660</u>	<u>15,457</u>
<b>Current</b>		
Bank and other borrowings	<u>106,545</u>	<u>160,988</u>
Total borrowings	<u><b>154,205</b></u>	<u><b>176,445</b></u>

As at 30 June 2021, bank borrowings of RMB32,500,000 (31 December 2020: RMB48,000,000) were secured by the buildings of the Group, net book value of which amounted to RMB17,480,000 (31 December 2020: RMB30,441,000) and were guaranteed by two independent third parties, Beijing Zhongguancun Sic-Tech Financing Guaranty Co., Ltd, and Beijing Culture Sci-Tech Financing Guaranty Co., Ltd (31 December 2020: the same).

Bank borrowings of RMB8,000,000 (31 December 2020: Nil) are secured by the building with carrying amount of RMB10,543,000 (31 December 2020: Nil).



## 17. TRADE AND OTHER PAYABLES

	As at	
	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Trade payables	50,353	39,644
Trade payables to an associate	12,054	7,703
Other taxes payable	22,859	29,955
Employee benefits payable	18,212	17,486
Amounts due to an associate	7,217	8,178
Amounts due to a director	5,630	4,407
Amounts due to a shareholder	4,011	4,870
Accrual for professional service fee	750	1,500
Interest payables	12,539	9,799
Loan from third parties	7,000	3,500
Others	1,917	2,056
	<u>142,542</u>	<u>129,098</u>

At 30 June 2021, the aging analysis of the trade payables based on invoice date is as follows:

	As at	
	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Up to 3 months	32,112	30,564
3 to 6 months	2,260	67
6 months to 1 year	9,233	417
1 to 2 years	12,515	12,865
2 to 3 years	3,910	991
Over 3 years	2,377	2,443
	<u>62,407</u>	<u>47,347</u>

## 18. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share for the six months ended 30 June 2020 and 2021 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:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>Unaudited</b>	Unaudited
Loss attributable to owners of the Company (in RMB'000)	<b>(20,916)</b>	(28,790)
Weighted average number of ordinary shares in issue	<b>1,041,243</b>	1,041,243
	<hr/>	<hr/>
Basic earnings per share (RMB cents per share)	<b>(2.01)</b>	(2.76)
	<hr/>	<hr/>

### (b) Diluted

Potential dilutive ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. The diluted earnings per share equal to the basic earnings per share.

## 19. CONTINGENCIES

As at 30 June 2021, the Directors were not aware of any other significant events that would have resulted in material contingent liabilities.

## BUSINESS REVIEW

During the Interim Period, the Group continued to aggregate resources in key business segments and adopted cost control measures to strive for a healthy and sustainable development of the Group. Meanwhile, the Group placed great emphasis on the exploration and application of video system technologies into other industries including medical industry, security industry and smart cities programs. Taking advantage of the Group's superior live broadcast and video streaming technologies, the Group has allocated more resources into the development of new media services and further developed business in new media marketing and e-commerce live broadcasting platforms during the Interim Period.

Starting from May 2020, the Company has successively launched new media e-commerce live streaming business based on different platforms by using mature event streaming technology and experience. During the Interim Period, the revenue from the new media services segment recorded approximately RMB7.7 million, representing approximately 7.0% of the total revenue of the Group and increased by approximately 3.3 times as compared to the Corresponding Period.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately 109.7% from approximately RMB53.0 million for the six months ended 30 June 2020 to approximately RMB111.0 million for the six months ended 30 June 2021. The increase was due to the inclusion of revenue of Beijing Gefei Technology Corporation\* (北京格非科技股份有限公司) ("**Beijing Gefei**") in the statement of profit or loss subsequent to the reclassification of Beijing Gefei from interests in associates to subsidiary since 31 August 2020. The revenue from the applications solutions segment increased by approximately 127.1%. Comparing with the Corresponding Period, the revenue from the system maintenance services has decreased by approximately 13.2% from approximately RMB4.4 million to approximately RMB3.8 million due to the decreased demand for services to maintain the customers facilities during the Interim Period. The revenue from the sales of self-developed products segment increased by approximately 76.7% as compared to the Corresponding Period due to the inclusion of revenue of Beijing Gefei. The revenue from the new media services segment increased by approximately 3.3 times comparing with the Corresponding Period. The table below sets out the Group's segment revenue for the six months ended 30 June 2020 and 2021 respectively:

	For the six months ended 30 June			
	2021		2020	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Segment revenue	Unaudited	revenue	Unaudited	revenue
Application solutions	76,207	68.6%	33,552	63.4%
System maintenance services	3,845	3.5%	4,431	8.4%
Sales of self-developed products	23,260	20.9%	13,161	24.9%
New media services	7,736	7.0%	1,813	3.3%
Total	111,048	100.0%	52,957	100.0%

### *Application solutions*

Revenue generated by the Group's application solutions business segment represented approximately 63.4% and 68.6% of the total revenue of the Group for the Corresponding Period and the Interim Period, respectively. Such revenue has increased from approximately RMB33.6 million for the Corresponding Period to approximately RMB76.2 million for the Interim Period, representing an increase of approximately 127.1%. The increase was mainly due to the inclusion of revenue of Beijing Gefei.

### *System maintenance services*

Revenue from the system maintenance services business segment represented approximately 8.4% and 3.5% of the total revenue of the Group for the Corresponding Period and the Interim Period, respectively, and decreased from approximately RMB4.4 million for the Corresponding Period to approximately RMB3.8 million for the Interim Period, representing a decrease of approximately 13.2%. Such decrease was mainly attributable to the decrease in demand for onsite support services during the Interim Period because of the ongoing epidemic of COVID-19.

### *Sales of self-developed products*

Revenue from the sales of self-developed products business segment represented approximately 24.9% and 20.9% of the total revenue of the Group for the Corresponding Period and the Interim Period, respectively, and increased from approximately RMB13.2 million for the Corresponding Period to approximately RMB23.3 million for the Interim Period, representing an increase of approximately 76.7%. The increase was mainly due to the inclusion of revenue of Beijing Gefei.

### *New media services*

Revenue from the new media services business segment represented approximately 3.3% and 7.0% of the total revenue of the Group for the Corresponding Period and the Interim Period, respectively, and increased from approximately RMB1.8 million for the Corresponding Period to approximately RMB7.7 million for the Interim Period, representing an increase of approximately 3.3 times. Taking advantage of the Group's superior live broadcast and video streaming technologies, the Group has allocated more resources into the development of new media services and further developed business in new media marketing and e-commerce live broadcasting platforms during the Interim Period.

## Cost of sales

For the six months ended 30 June 2020 and 2021, the Group's cost of sales was approximately RMB35.1 million and RMB82.2 million, respectively, representing an increase of approximately 133.9%. The following table sets forth the cost of sales for each business segment for the six months ended 30 June 2020 and 2021 respectively:

	For the six months ended 30 June 2021		2020	
	<i>RMB'000</i>	<i>% of total cost</i>	<i>RMB'000</i>	<i>% of total cost</i>
Segment cost of sales	Unaudited		Unaudited	
Application solutions	67,538	82.2%	26,606	75.7%
System maintenance services	3,038	3.7%	3,545	10.1%
Sales of self-developed products	8,583	10.4%	4,591	13.1%
New media services	3,037	3.7%	394	1.1%
Total	<u>82,196</u>	<u>100.0%</u>	<u>35,136</u>	<u>100.0%</u>

The Group's cost of sales for the application solutions segment increased by approximately 153.8% for the Interim Period as compared to the Corresponding Period, which was primarily due to the increase in revenue of the application solutions segment. The cost of sales for the system maintenance services segment decreased by approximately 14.3% for the Interim Period as compared to the Corresponding Period, which was primarily due to the decrease in revenue of the system maintenance services segment. The cost of sales of the sales of self-developed products segment increased by approximately 87.0% due to the increase in revenue of the self-developed products segment during the Interim Period as compared to the Corresponding Period. The cost of sales of the new media services increased by approximately 6.7 times due to the increase in revenue of the new media services during the Interim Period.

## Gross profit and gross profit margin

For the six months ended 30 June 2020 and 2021, the Group's gross profit was approximately RMB17.8 million and RMB28.9 million, respectively, representing an increase of approximately 61.9%. However, the Group's gross profit margin decreased from approximately 33.7% for the Corresponding Period to approximately 26.0% for the Interim Period, mainly due to the increase in revenue contribution from the application solutions segment, which had relatively lower profit margin as compared to other segments of the Group. The following table sets forth the gross profit and gross profit margin of each of the Group's segments during the periods:

### Segment gross profit and gross profit margin

	For the six months ended 30 June 2021		2020	
	<i>RMB'000</i> Unaudited	<i>% of Gross profit margin</i>	<i>RMB'000</i> Unaudited	<i>% of Gross profit margin</i>
<b>Segment gross profit and gross profit margin</b>				
Application solutions	8,669	11.4%	6,946	20.7%
System maintenance services	807	21.0%	886	20.0%
Sales of self-developed products	14,677	63.1%	8,570	65.1%
New media services	4,699	60.7%	1,419	78.3%
	<u>          </u>		<u>          </u>	
Total	<u>28,852</u>	26.0%	<u>17,821</u>	33.7%

For the application solutions segment, the Group noted a decrease in the gross profit margin from approximately 20.7% for the Corresponding Period to approximately 11.4% for the Interim Period. The decrease in gross profit was mainly due to the combination of Beijing Gefei that engaged in different fields of the application solutions segment with lower gross profit.

For the system maintenance services segment, the Group noted an increase of gross profit margin from approximately 20.0% for the Corresponding Period to approximately 21.0% for the Interim Period. The increase was within a reasonable range in its normal operation.

For the sales of self-developed products segment, the gross profit margin decreased from approximately 65.1% for the Corresponding Period to approximately 63.1% for the Interim Period. The decrease was within a reasonable range in its normal operation.

For the new media services segment, the gross profit margin decreased from approximately 78.3% for the Corresponding Period to approximately 60.7% for the Interim Period. The decrease was mainly due to that the Group started to allocate more resources and concentrated itself more to seize the business opportunities in new media market and further development of the new media services business.

## **Selling expenses**

The selling expenses for the six months ended 30 June 2020 and 2021 were approximately RMB5.1 million and RMB4.0 million, respectively, representing a decrease of approximately 22.4%. The decrease in selling expenses was due to the cost control measures of the Group.

## **Administrative expenses**

The administrative expenses for the six months ended 30 June 2020 and 2021 were approximately RMB23.2 million and RMB29.5 million, respectively, representing an increase of approximately 27.2%. The increase in administrative expenses was due to the combination of Beijing Gefei, which was partly offset by the decrease in number of employees of the Group's other main subsidiaries as a result of cost control measures.

## **Research and development expenses**

The research and development (“**R&D**”) expenses for the six months ended 30 June 2020 and 2021 were approximately RMB7.9 million and RMB13.1 million, respectively, representing an increase of approximately 66.6%. The increase in R&D expenses was due to the combination of Beijing Gefei, and the Group's continued effort to invest in the R&D to maintain the leading edge video technology in the industry.

## **Finance costs**

For the six months ended 30 June 2020 and 2021, the net finance costs of the Group were approximately RMB7.0 million and RMB9.9 million, respectively, representing an increase of approximately 41.1%. The finance costs of approximately RMB7.0 million for the Corresponding Period consisted of interest expenses of approximately RMB6.4 million and exchange loss of approximately RMB0.6 million. During the Interim Period, the finance costs of approximately RMB9.9 million was composed of interest expenses of approximately RMB9.0 million and exchange loss of approximately RMB0.9 million. The increase in interest expenses was due to the increase in borrowings during the Interim Period as a result of combination of Beijing Gefei.

## **Income tax expense/credit**

Income tax credit amounted to approximately RMB117,000 for the Corresponding Period and income tax expense amounted to approximately RMB93,000 for the Interim Period.

## **Loss for the Interim Period**

As a result of the aforementioned factors, loss of the Company decreased from a net loss of approximately RMB29.5 million for the Corresponding Period to a net loss of approximately RMB23.8 million for the Interim Period, representing a decrease of approximately 19.2%. Deducting the minority interests, the loss attributable to the owners of the Company decreased from a net loss of approximately RMB28.8 million for the Corresponding Period to a net loss of approximately RMB20.9 million for the Interim Period, representing a decrease of approximately 27.3%, mainly due to a decrease in operating loss of approximately RMB1.2 million, and an absence in share of loss of an associate during the Interim Period as compared to the share of loss in associates of approximately RMB7.2 million for the Corresponding Period primarily due to the improvement in operating results from associates and reclassification of Beijing Gefei from interests in associates to subsidiary since 31 August 2020.

## **Liquidity, financial resource and capital structure**

Net cash generated from the Group's operating activities amounted to approximately RMB9.7 million for the Interim Period while net cash used in the Group's operating activities amounted to approximately RMB1.8 million for the Corresponding Period. The net cash inflow of the Group's operating activities during the Interim Period mainly arose from the decrease in inventories, trade and other receivables and other current assets of approximately RMB36.4 million, which resulted in a net inflow of approximately RMB9.7 million for the Interim Period.

Net cash generated from the Group's investing activities amounted to approximately RMB4.5 million for the Interim Period while net cash generated from the Group's investing activities amounted to approximately RMB0.7 million for the Corresponding Period. The net cash inflow for the Interim Period was mainly generated from collection of pledged bank deposits.

Net cash used in the Group's financing activities amounted to approximately RMB22.2 million for the Interim Period while the net cash generated from the Group's financing activities amounted to approximately RMB3.9 million for the Corresponding Period. The net cash used in financing activities for the Interim Period was mainly attributable to the repayment of bank and other borrowings.

The Group's bank balances and cash decreased to approximately RMB3.9 million as at 30 June 2021 from approximately RMB12.8 million as at 31 December 2020 mainly due to repayment of borrowings.

As at 30 June 2021, the Group had total assets of approximately RMB444.3 million (31 December 2020: approximately RMB498.6 million) which was financed by current liabilities of approximately RMB314.9 million (31 December 2020: approximately RMB376.8 million) and shareholders' equity of approximately RMB81.5 million (31 December 2020: approximately RMB105.8 million).

As at 30 June 2021, the Group's current ratio (which is calculated by dividing current assets by current liabilities) was 1.08 (31 December 2020: 1.03).



The cash and cash equivalents of the Group as at 30 June 2021 were mainly denominated in Hong Kong Dollar (“**HKD**”), the United States Dollar (“**USD**”), Great British Pound (“**GBP**”), Euro and Renminbi (“**RMB**”).

### **Charge over assets**

As at 30 June 2021, bank borrowings of RMB40.5 million (31 December 2020: RMB48.0 million) were secured by the buildings of the Group, net book value of which amounted to approximately RMB28.0 million (31 December 2020: approximately RMB30.4 million), and were guaranteed by two independent third parties, namely Beijing Zhongguancun Sic-Tech Financing Guaranty Co., Ltd., and Beijing Culture Sci-Tech Financing Guaranty Co., Ltd..

Bank borrowings of RMB18.6 million (31 December 2020: RMB20.2 million) are secured by the key-man life insurance policies included in financial assets at fair value through profit or loss with carrying amount of RMB52.2 million (31 December 2020: RMB52.3 million).

### **Gearing position**

The gearing ratio, which represented total borrowings divided by total equity multiplied by 100%, was approximately 166.8% and 189.3% respectively as at 31 December 2020 and 30 June 2021. The total borrowings of the Group decreased from approximately RMB176.4 million as at 31 December 2020 to approximately RMB154.2 million as at 30 June 2021. Such decrease was mainly attributable to repayment of bank and other borrowings (repayment: approximately RMB31.5 million; new borrowing proceeds: approximately RMB9.2 million).

### **Foreign exchange exposure**

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD, GBP and Euro. Foreign exchange risk arose from future commercial transactions, recognised assets and liabilities which are denominated in non-RMB. The management of the Group has set up a policy to require the Company’s subsidiaries to manage their foreign exchange risk against their functional currency. The Company’s subsidiaries are required to control the exposure of the foreign currency during their business operation. The foreign currency exposure is mainly due to the purchase of 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 Group considers that 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 will monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **Interest rate risk**

Other than the bank balances with variable interest rates, the Group has no other significant interest-bearing assets. The management does not anticipate significant impact on interest-bearing assets resulting 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**

During the Interim Period, the Group had no significant investments, mergers and acquisitions.

### **Contingent liabilities**

As at 30 June 2021, the Directors were not aware of any other significant events that would have resulted in material contingent liabilities.

### **Dividends**

The Board does not recommend the distribution of interim dividend for the Interim Period (2020: Nil).

### **Employees and remuneration policies**

As at 30 June 2021, the Group had a total of 221 employees (as at 31 December 2020: 275 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.

## **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 of the Company through the optimisation of the debt and equity balance.

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

## **SHARE AWARD PLAN AND SHARE OPTION SCHEME**

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 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 (the "**Listing Rules**"). Details of the Share Award Plan and movement in the awarded shares during the Interim Period will be set out in the 2021 interim report of the Company.

In order to reward or make incentive to the employees, the Directors and other selected participants for their contributions to the Group, the Company conditionally adopted the Share Option Scheme on 13 June 2014. Details of the Share Option Scheme and movement in the share options during the Interim Period will be set out in the 2021 interim report of the Company.

## **FUTURE OUTLOOK**

During the Interim Period, the situation of COVID-19 in both the PRC and overseas is gradually under control. However, as the nationwide prevention and control measures are still taking effect, including lockdown and social distancing measures, the operations of the Group's major customers have been adversely affected. The Group had experienced cancellation of orders as the operation of major international and domestic seminars, forums and sports events were cancelled or postponed due to crowd control measures, which had adversely affected the Group's revenue.

While the Group keeps monitoring the development of COVID-19, the Group has allocated more resources into researching and development for video system technologies to meet the needs of potential customers in industries not limited to medical, education, security industry, new media and e-commerce. In the meantime, the Group also further develops business in new media market and e-commerce live broadcasting platform by using video streaming media live broadcasting technology. The Group believes that it has achieved great breakthrough and development in the new media market, and is confident that such business development will improve the synergistic collaboration among the Group's business segments and further promote growth and expansion of the Group's business.

Live broadcasting technique is increasingly important nowadays, which has been applied to all walks of life. Starting from May 2020, the Group has successively launched new media e-commerce live streaming business projects with several new media operators and thus further enrich the Group's experience in all-media related services provisions. Besides, the Group intends to further deepen its overall layout in all-media market and strengthen the application of the Group's superior video technologies and services into other industries and scenarios by providing more efficient equipments, quality services and precision marketing to the clients. The Group believes that the improvement of video system technologies and the growing business development of new media services of the Group will further expand the Group's client base and enrich the source of income of the Group.

## **EVENTS AFTER THE INTERIM PERIOD**

On 30 July 2021, the Company was notified that Cerulean Coast Limited (the then controlling shareholder of the Company and a company wholly owned by Mr. Lo Chi Sum, an executive Director) and Future Miracle Limited (a company wholly owned by Mr. Leung Wing Fai, an executive Director) (collectively, the **"Sellers"**) entered into a sale and purchase agreement with four purchasers (namely, Starlink Vibrant Holdings Ltd, Yoshiaki Holding Corp, Orange Grove Global Limited and Foga Holdings Ltd., collectively the **"Purchasers"**) pursuant to which Sellers conditionally agreed to sell 679,796,478 shares of the Company in aggregate (representing approximately 65.29% of the issued share capital of the Company) to the Purchasers (the **"Acquisition"**). Upon the completion of the Acquisition, Golden Ocean

Holdings Corp. (the “**Offeror**”) and the parties acting in concert with it will be interested in approximately 68.44% of the issued share capital of the Company, mandatory unconditional general offers in cash for all the issued shares held by independent shareholders of the Company are required to be made pursuant to Rule 26.1 of the Code on Takeovers and Mergers in Hong Kong.

On the same date, the Company also entered into a subscription agreement with three subscribers (namely, Silver Eternity Technology Ltd., Trinity Gate Limited and Hongshan Limited, collectively, the “**Subscribers**”) pursuant to which the Company conditionally agreed to issue and the Subscribers conditionally agreed to subscribe, in cash, for convertible bonds in the principal amount of HK\$47,000,000 in aggregate (the “**Convertible Bonds**”), which may be converted into 204,347,826 conversion shares at the initial conversion price of HK\$0.23 per conversion share upon exercise of the conversion rights under the Convertible Bonds in full.

On 20 April 2020, Cerulean Coast Limited and Future Miracle Limited have respectively pledged 311,960,000 ordinary shares and 28,040,000 ordinary shares respectively (collectively, the “**Pledged Shares**”) in the issued share capital of the Company, in favour of an independent third party (the “**Lender**”) as security for a loan facility in an aggregate amount of RMB50,000,000 provided by the Lender to the Group as general working capital. On 30 August 2021, the Company received a notice from the Sellers that the Pledged Shares has been released. Upon the release of the Pledged Shares, all of the Acquisition Conditions as defined in the joint announcement dated 30 July 2021 issued by the Offeror and the Company (the “**Joint Announcement**”) have been fulfilled. Accordingly, completion of the Acquisition took place on 31 August 2021.

For details of the above, please refer to the Joint Announcement, the announcement dated 30 August 2021 issued by the Company and the joint announcement dated 31 August 2021 issued by the Company and the Offeror.

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

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S 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**

Throughout the Interim Period, the Company continued to apply the principles set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the “**CG Code**”). The Directors consider that the Company has complied with all the applicable code provisions under the CG Code, save as the following:

- Under the code provision A.2.1, 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 roles of the chairman and the chief executive officer (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 Interim 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 (the "**Model Code**") (with certain modifications).

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 Interim Period.

## **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 risk management, internal controls and financial reporting matters of the Group. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

## **PUBLICATION**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.css-group.net](http://www.css-group.net)) respectively. The 2021 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*

Hong Kong, 31 August 2021

*As at the date of this announcement, the executive Directors are Mr. Lo Chi Sum, Mr. Leung Wing Fai, Mr. Geng Liang and Mr. Li Jinping, and the independent non-executive Directors are Dr. Ng Chi Yeung, Simon, Mr. Hung Muk Ming and Mr. Mak Kwok Wing.*

\* For identification purposes only