

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offers, this Composite Document and/or the accompanying form(s) of acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Century Sage Scientific Holdings Limited, you should at once hand this Composite Document and the accompanying form(s) of acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying form(s) of acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying form(s) of acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying form(s) of acceptance.



Golden Ocean Holdings Corp.

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

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)

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY CASH OFFERS BY
SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF
GOLDEN OCEAN HOLDINGS CORP.
FOR ALL THE SHARES IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
GOLDEN OCEAN HOLDINGS CORP. AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

AND

**FOR CANCELLATION OF ALL OUTSTANDING OPTIONS IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED**

Financial Adviser to the Offeror



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

Shareholders and Optionholders should inform themselves of and observe any applicable legal or regulatory requirements. See "Important Notice" on page iv of this Composite Document.

Capitalised terms used in this cover page have the same meaning as those defined in the section headed "Definitions" in this Composite Document. A letter from Somerley containing, among other things, the details of the terms and conditions of the Offers are set out on pages 8 to 22 of this Composite Document. A letter from the Board is set out on pages 23 to 31 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and Optionholders in respect of the Offers is set out on pages 32 to 33 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 34 to 56 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information of the Offers are set out in Appendix I to this Composite Document and in the accompanying form(s) of acceptance. Acceptances of the Offers contained herein should be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer), by no later than 4:00 p.m. on Tuesday, 28 September 2021 or such later time or date as the Offeror may determine and announce, with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the form(s) of acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in "Important Notice" of this Composite Document and the paragraph headed "Overseas Shareholders and Optionholders" in the "Letter from Somerley" in this Composite Document before taking any action. It is the responsibility of each overseas Shareholder and Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders and Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.css-group.net>) as long as the Offers remains open.

Hong Kong, 7 September 2021

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	ii
IMPORTANT NOTICE	iv
DEFINITIONS	1
LETTER FROM SOMERLEY	8
LETTER FROM THE BOARD	23
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	32
LETTER FROM ALTUS CAPITAL	34
APPENDIX I — FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFERS	I-1
APPENDIX II — FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION OF THE OFFEROR	III-1
APPENDIX IV — GENERAL INFORMATION OF THE GROUP	IV-1
ACCOMPANYING DOCUMENTS — FORM(S) OF ACCEPTANCE	

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document and the form(s) of acceptance refer to Hong Kong date and time.

Time and Date

Despatch date of this Composite Document and
the accompanying form(s) of acceptance and
commencement date of the Offers (*Note 1*) Tuesday, 7 September 2021

Latest time and date for acceptance of the Offers
(*Notes 2, 3, 5*) 4:00 p.m. on
Tuesday, 28 September 2021

Closing Date (*Notes 2, 3, 5*) Tuesday, 28 September 2021

Announcement of the results of the Offers
(or its extension or revision, if any),
to be posted on the website of the Stock Exchange and
the Company (*Notes 3 and 5*) no later than 7:00 p.m. on
Tuesday, 28 September 2021

Latest date for posting of remittances for the amount due
in respect of valid acceptances received under the Offers
at or before 4:00 p.m. on the Closing Date (*Notes 4 and 5*) Friday, 8 October 2021

Notes:

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will initially remain open for acceptances until 4:00 p.m. on Tuesday, 28 September 2021 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement no later than 7:00 p.m. on Tuesday, 28 September 2021 in relation to any extension of the Offers (if required), in which the announcement will state either the next Closing Date or, a statement the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offers are closed to those Independent Shareholders and Optionholders who have not accepted the Offers.

EXPECTED TIMETABLE

4. Remittance in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances) payable for the Offer Shares under the Share Offer will be despatched to the accepting Independent Shareholder(s) (to the address specified on the relevant form(s) of acceptance) by ordinary post at his/her/its own risk as soon as possible, and remittance in respect of the cash consideration payable for the Share Options will be despatched to the Company as soon as possible for collection by the Optionholders, but in any event within seven (7) Business Days following date of receipt by the Registrar (in case of the Share Offer) or the Company (in case of the Option Offer) of all the relevant documents to render the acceptance under the Offers complete and valid.
5. The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or "extreme conditions" caused by super typhoon or a "black" rainstorm warning signal in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. In such cases, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

IMPORTANT NOTICE

NOTICE TO SHAREHOLDERS AND OPTIONHOLDERS OUTSIDE HONG KONG

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements.

It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payment due from such persons in respect of such jurisdiction.

The Offeror and the parties acting in concert with it, the Company, Somerley, Altus Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed “Overseas Shareholders and Optionholders” in the “Letter from Somerley” in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of the Sale Shares by the Purchasers from the Sellers pursuant to the Sale and Purchase Agreement
“Acquisition Completion”	completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Acquisition Conditions”	the conditions precedent to the Acquisition Completion
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	Tuesday, 28 September 2021, the closing date of the Offers, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offers are extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	Century Sage Scientific Holdings Limited (Stock Code: 1450), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders and Optionholders in relation to the Offers in accordance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the form(s) of acceptance), the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee
“Consideration”	the consideration for the Sale Shares pursuant to the Sale and Purchase Agreement, being HK\$106,700,637 in aggregate

DEFINITIONS

“Consortium Agreement”	the consortium agreement dated 30 July 2021 entered into between the Purchasers, the Subscribers and the Offeror for the purpose of forming a consortium in relation to the Offers
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Period”	the period commencing from the Issue Date and ending on the Maturity Date, both dates inclusive
“Conversion Price”	the conversion price of HK\$0.23 per Conversion Share
“Conversion Shares”	the 204,347,826 new Shares which may fall to be allotted and issued to the Subscribers at the Conversion Price, credited as fully paid, upon full exercise of the conversion rights attaching to the Convertible Bonds by the Subscribers
“Convertible Bonds”	convertible bonds in the aggregate principal amount of HK\$47,000,000 to be issued by the Company, pursuant to the Subscription Agreement
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board established pursuant to the Takeovers Code comprising Mr. Hung Muk Ming, Dr. Ng Chi Yeung, Simon and Mr. Mak Kwok Wing and formed for the purpose of advising the Independent Shareholders and the Optionholders in respect of the Offers
“Independent Financial Advisor” or “Altus Capital”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Offers
“Independent Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it

DEFINITIONS

“Investor Participant”	the person admitted to participate in CCASS as investor participants
“Irrevocable Undertaking”	the irrevocable undertaking given by Seller 1 to the Purchasers pursuant to the Sale and Purchase Agreement that it will not (a) accept the Offers, and (b) until the close of the Offers or the lapse of the Offers, sell, transfer, encumber or otherwise dispose of any Shares held by it after the Acquisition Completion (i.e. 47,703,522 Shares (representing approximately 4.58% of the existing issued share capital of the Company as at the Latest Practicable Date)) (save for the Acquisition)
“Issue Date”	the date of issue of the Convertible Bonds
“Issue Price”	the issue price of the Convertible Bonds, which shall be 100% of the principal amount of the Convertible Bonds
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 30 July 2021 in relation to, among other things, the Sale and Purchase Agreement, the Subscription Agreement and the Offers
“Last Trading Day”	30 July 2021, being the last trading day immediately before the publication of the Joint Announcement
“Latest Practicable Date”	3 September 2021, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 September 2021 (or such other date which the Company and the Subscribers may agree in writing)
“Maturity Date”	the date falling on the 3rd anniversary from the date of issue of the Convertible Bonds
“Mr. Leung”	Mr. Leung Wing Fai, a Director and the sole shareholder of Seller 2
“Mr. Lo”	Mr. Lo Chi Sum, a Director and the sole shareholder of Seller 1

DEFINITIONS

“Offer Period”	the period commencing from 21 July 2021, being the date of the Rule 3.7 Announcement, until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code
“Offer Shares”	all Shares that are not owned by the Offeror or parties acting in concert with it and “Offer Share” means any of them
“Offeror”	Golden Ocean Holdings Corp., a company incorporated in the Cayman Islands with limited liability, which is owned as to 90% by Purchaser 1. It is a Shareholder which holds 32,847,169 Shares as at the date of this Composite Document
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the unconditional mandatory cash offer made by Somerley on behalf of the Offeror to cancel the Share Options on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Option Offer Price”	the price for each Share Option payable by the Offeror to the Optionholders accepting the Option Offer
“Optionholder(s)”	holder(s) of the Share Option(s)
“PRC”	the People’s Republic of China, which, for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Acquisitions”	the acquisition of 3,141,361 Shares, 11,904,761 Shares and 17,801,047 Shares by the Offeror from Liu Yuan (劉淵), Wang Zhilong (王治龍) and Geng Liang (耿亮) (being a Director), respectively, at the consideration of HK\$0.23 per Share pursuant to the sale and purchase agreement dated 18 July 2021 (which the acquisition of 15,046,122 Shares was completed on 22 July 2021 and 17,801,047 Shares was completed on 29 July 2021)
“Purchaser 1”	Starlink Vibrant Holdings Ltd, a company incorporated in the British Virgin Islands, being one of the Purchasers under the Sale and Purchase Agreement and a person acting in concert with the Offeror, which is wholly owned by Mr. Li Jun

DEFINITIONS

“Purchaser 2”	Yoshiaki Holding Corp, a company incorporated in the British Virgin Islands, being one of the Purchasers under the Sale and Purchase Agreement and a person acting in concert with the Offeror, which is wholly owned by Mr. Lu Jiayao
“Purchaser 3”	Orange Grove Global Limited, a company incorporated in the British Virgin Islands, being one of the Purchasers under the Sale and Purchase Agreement and a person acting in concert with the Offeror, which is wholly owned by Ms. Guo Jing
“Purchaser 4”	Foga Holdings Ltd., a company incorporated in the British Virgin Islands, being one of the Purchasers under the Sale and Purchase Agreement and a person acting in concert with the Offeror, which is wholly owned by Hao Dong Trust, and a party acting in concert with the Offeror
“Purchasers”	Purchaser 1, Purchaser 2, Purchaser 3 and Purchaser 4
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 21 January 2021, being the date falling six months preceding the date of the 3.7 Announcement, being the commencement of the Offer Period, and up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.7 Announcement”	the announcement published by the Company dated 21 July 2021 pursuant to Rule 3.7 of the Takeovers Code in relation to, among other things, the Acquisition
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 July 2021 entered into between the Sellers and the Purchasers in respect of the sale and purchase of the Sale Shares
“Sale Shares”	679,796,478 Shares, representing approximately 65.29% of the issued share capital of the Company as at the Latest Practicable Date

DEFINITIONS

“Seller 1”	Cerulean Coast Limited, a company incorporated in the British Virgin Islands, being one of the Sellers under the Sale and Purchase Agreement and the controlling shareholder of the Company immediately prior to the Acquisition Completion, which is wholly owned by Mr. Lo
“Seller 2”	Future Miracle Limited, a company incorporated in the British Virgin Islands, being one of the Sellers under the Sale and Purchase Agreement, which is wholly owned by Mr. Leung
“Sellers”	Seller 1 and Seller 2
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Share Offer”	the unconditional mandatory cash offer made by Somerley on behalf of the Offeror to acquire the Offer Shares on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Share Offer Price”	HK\$0.23 for each Offer Share payable by the Offeror to the Independent Shareholders accepting the Share Offer
“Share Option(s)”	the vested and unvested share options granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 13 June 2014
“Shareholders”	the shareholders of the Company
“Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscriber 1”	Silver Eternity Technology Ltd., a company incorporated in the British Virgin Islands, being one of the Subscribers under the Subscription Agreement and a person acting in concert with the Offeror, which is wholly owned by Mr. Xiao Xin
“Subscriber 2”	Trinity Gate Limited, a company incorporated in the British Virgin Islands, being one of the Subscribers under the Subscription Agreement and a person acting in concert with the Offeror, which is wholly owned by Mr. Teng Rongsong
“Subscriber 3”	Hongshan Limited, a company incorporated in the British Virgin Islands, being one of the Subscribers under the Subscription Agreement and a person acting in concert with the Offeror, which is wholly owned by Mr. Wu Yongming
“Subscribers”	Subscriber 1, Subscriber 2 and Subscriber 3
“Subscription”	the subscription of the Convertible Bonds by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 July 2021 entered into by the Subscribers and the Company in respect of the Subscription
“Subscription Completion”	completion of the subscription of the Convertible Bonds by the Subscribers pursuant to the Subscription Agreement
“Subscribers Irrevocable Undertaking”	the irrevocable undertaking given by each of the Subscribers to the Offeror that in the event that Somerley makes an unconditional mandatory cash offer on behalf of the Offeror to acquire all outstanding Convertible Bonds from the Subscribers, the Subscribers will not accept such offer
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“%”	per cent.

LETTER FROM SOMERLEY



SOMERLEY CAPITAL LIMITED
20th Floor, China Building
29 Queen's Road Central
Hong Kong

7 September 2021

To the Independent Shareholders and the Optionholders

**UNCONDITIONAL MANDATORY CASH OFFERS BY
SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF
GOLDEN OCEAN HOLDINGS CORP.
FOR ALL THE SHARES IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
GOLDEN OCEAN HOLDINGS CORP. AND/OR
PARTIES ACTING IN CONCERT WITH IT)
AND
FOR CANCELLATION OF ALL OUTSTANDING OPTIONS IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the Rule 3.7 Announcement. On 21 July 2021, the Company published the Rule 3.7 Announcement which sets out that Seller 1 and Seller 2, which then held 667,500,000 Shares and 60,000,000 Shares respectively (equivalent to approximately 64.11% and 5.76% of the total issued share capital of the Company respectively as at the date of the Rule 3.7 Announcement), were contemplating potential disposal of all or part of the Shares held by them to certain independent third parties.

Reference is also made to the Joint Announcement. The Offeror acquired 3,141,361 Shares from Liu Yuan (劉淵), 11,904,761 Shares from Wang Zhilong (王治龍) and 17,801,047 Shares from Geng Liang (耿亮) (being a Director) pursuant to the sale and purchase agreements dated 18 July 2021 at the consideration of HK\$0.23 per Share (which the acquisition of 15,046,122 Shares was completed on 22 July 2021 and 17,801,047 Shares was completed on 29 July 2021) for stake building purpose of the Offeror. On 30 July 2021, (i) the Sellers and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the Sale Shares at the Consideration in the sum of HK\$106,700,637 (equivalent to approximately HK\$0.1570 per Sale Share); and (ii) the Subscribers and the Company entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Convertible Bonds at the Issue Price of HK\$47,000,000 with the initial Conversion Price of HK\$0.23 per Conversion Share. The Acquisition Completion took place on 31 August 2021 and the Subscription Completion is expected to take place on or before 30 September 2021.

LETTER FROM SOMERLEY

This letter forms part of the Composite Document and sets out, among other things, details of the Offers, information on the Offeror, and the Offeror's intentions in relation to the Company. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I to the Composite Document and the accompanying form(s) of acceptance. The Independent Shareholders and the Optionholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from Altus Capital", the appendices to the Composite Document and the accompanying form(s) of acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offers.

Acquisition Completion

Upon the Acquisition Completion and as at the Latest Practicable Date:

- (i) The Offeror held 32,847,169 Shares (representing approximately 3.15% of the existing issued share capital of the Company as at the Latest Practicable Date);
- (ii) Purchaser 1 held 323,500,334 Shares (representing approximately 31.07% of the existing issued share capital of the Company as at the Latest Practicable Date);
- (iii) Purchaser 2 held 303,594,303 Shares (representing approximately 29.16% of the existing issued share capital of the Company as at the Latest Practicable Date);
- (iv) Purchaser 3 held 20,738,154 Shares (representing approximately 1.99% of the existing issued share capital of the Company as at the Latest Practicable Date);
- (v) Purchaser 4 held 31,963,687 Shares (representing approximately 3.07% of the existing issued share capital of the Company as at the Latest Practicable Date);
- (vi) Seller 1 held 47,703,522 Shares (representing approximately 4.58% of the existing issued share capital of the Company as at the Latest Practicable Date); and
- (vii) Seller 2 did not hold any Share.

Upon Acquisition Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 712,643,647 Shares, representing approximately 68.44% of the issued share capital of the Company.

LETTER FROM SOMERLEY

Subscription Completion

Upon the Subscription Completion which is expected to take place on or before 30 September 2021:

- (i) Subscriber 1 shall hold the Convertible Bond in the principal amount of HK\$29,510,000, which may be converted into 128,304,348 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, representing (a) approximately 12.32% of the issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 10.30% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares;
- (ii) Subscriber 2 shall hold the Convertible Bond in the principal amount of HK\$8,600,000, which may be converted into 37,391,304 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, representing (a) approximately 3.59% of the issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 3.00% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares; and
- (iii) Subscriber 3 shall hold the Convertible Bond in the principal amount of HK\$8,890,000, which may be converted into 38,652,174 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, representing (a) approximately 3.71% of the issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 3.10% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares.

Assuming that apart from the issue of all Conversion Shares, there is no change to the issued share capital of the Company from the Latest Practicable Date to the conversion date of the Convertible Bonds, upon the Acquisition Completion and the Subscription Completion and immediately after the issue of all Conversion Shares, the Offeror and parties acting in concert with it will be interested in a total of 916,991,473 Shares, representing approximately 73.62% of the issued share capital of the Company.

LETTER FROM SOMERLEY

Effects on the Shareholding Structuring of the Company

Please refer to the paragraph headed “Shareholding Structure of the Company” in the “Letter from the Board” in this Composite Document for further information of the shareholding structure of the Company (i) immediately prior to the Acquisition Completion; (ii) immediately upon the Acquisition Completion and as at the Latest Practicable Date, (iii) immediately upon the Acquisition Completion and full conversion of the Convertible Bonds by the Subscribers but before the Closing Date (assuming the Convertible Bonds have been issued and none of the Share Options have been exercised on or prior to Closing Date); and (iv) immediately upon the Acquisition Completion and full conversion of the Convertible Bonds by the Subscribers but before the Closing Date (assuming the Convertible Bonds have been issued and all of the Share Options have been exercised on or prior to Closing Date).

Irrevocable Undertaking

Pursuant to the Sale and Purchase Agreement, Seller 1 undertook to the Purchasers that it will not (a) accept the Offers, and (b) until the close of the Offers or the lapse of the Offers, sell, transfer, encumber or otherwise dispose of any Shares held by it after the Acquisition Completion (i.e. 47,703,522 Shares (representing approximately 4.58% of the existing issued share capital of the Company as at the Latest Practicable Date)) (save for the Acquisition).

Consortium Agreement

On 30 July 2021, the Offeror, the Purchasers and the Subscribers entered into the Consortium Agreement to form a consortium. The key provisions of the Consortium Agreement are as follows:

- (i) the Offeror is responsible to make and fund the Offers upon the Acquisition Completion;
- (ii) all decisions relating to the Acquisition, the Subscription and the Offers shall be subject to the consent of Purchaser 1; and
- (iii) Purchaser 2, Purchaser 3 and Purchaser 4 undertook to Purchaser 1 that in the event that the Company is unable to maintain the public float pursuant to Rule 8.08 of the Listing Rules upon the completion of the Offers, Purchaser 2, Purchaser 3 and Purchaser 4 shall, at the written request of Purchaser 1 (the “**Written Request**”), dispose Shares held by them to enable the Company to restore the public float within 2 months from the date of the Written Request or such other date as agreed by the Stock Exchange.

THE OFFERS

As at the Latest Practicable Date, save for (i) the Previous Acquisitions, (ii) the Acquisition and (iii) the Subscription, the Offeror and parties acting in concert with it (including the Purchasers and the Subscribers) do not hold, control or have direction over any Shares in the share capital or voting rights of the Company.

LETTER FROM SOMERLEY

Pursuant to Rule 26.1 of the Takeovers Code, upon Acquisition Completion, Purchaser 1 is required to make the Share Offer in cash for all the issued Shares held by the Independent Shareholders.

As at the Latest Practicable Date, save for 60,540,000 outstanding Share Options and the Convertible Bonds that may be issued upon Subscription Completion, the Company has no outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares. Upon the Acquisition Completion, the Offeror is required to make the Option Offer to cancel all the outstanding Share Options pursuant to Rule 13 of the Takeovers Code.

The Offers are unconditional and are not subject to any minimum level of acceptance. Each of the Subscribers has confirmed with the Offeror that in the event that Somerley makes an unconditional mandatory cash offer on behalf of the Offeror to acquire all outstanding Convertible Bonds from the Subscribers, the Subscribers will not accept such offer. As such, Somerley will not make an unconditional mandatory cash offer on behalf of the Offeror to acquire all outstanding Convertible Bonds from the Subscribers.

Principal Terms of the Share Offer

Somerley, on behalf of the Offeror, is making the Share Offer in compliance with the Takeovers Code on the following basis:

For each Share HK\$0.23 in cash

The Share Offer Price of HK\$0.23 per Offer Share under the Share Offer is equivalent to (i) the initial conversion price of HK\$0.23 per Conversion Share of the Convertible Bonds; and (ii) the acquisition price per Share of the Previous Acquisitions (amongst which the acquisition of (i) 15,046,122 Shares has been completed on 22 July 2021; and (ii) 17,801,047 Shares has been completed on 29 July 2021).

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired shall be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to and including the Closing Date.

Further details of the terms of the Share Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying **WHITE** form of acceptance.

LETTER FROM SOMERLEY

Principal Terms of the Option Offer

As at the Latest Practicable Date, there were 60,540,000 outstanding Share Options granted under the Share Option Scheme, among which 53,540,000 Share Options were exercisable and 7,000,000 Share Options became vested automatically and are exercisable upon the Offers become unconditional in accordance to the Share Option Scheme. The Share Options have exercise prices in the range of HK\$0.067 to HK\$0.435. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it do not hold any Share Options.

Somerley, on behalf of Offeror, is making the Option Offer to the Optionholders to cancel all outstanding Share Options (vested and unvested) in accordance with Rule 13 of the Takeovers Code. Under the Option Offer, Somerley, on behalf of the Offeror, is offering the Optionholders the Option Offer Price, which in general should be the “see-through” price (being the Share Offer Price minus the relevant exercise price in the case of the outstanding Share Options) for each outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. As the exercise price of some of the Share Options is above the Share Offer Price, the Option Offer Price for cancellation of each of those Share Options is a nominal amount of HK\$0.001.

Share Option exercise price (HK\$)	Option Offer Price (HK\$)	Number of outstanding Share Options as at the Latest Practicable Date (vested)
0.435	0.001	5,000,000
0.222	0.008	48,540,000
0.067	0.163	7,000,000

The Option Offer is extended to all Share Options in issue on the date on which the Option Offer is made, being the date of despatch of this Composite Document.

Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be cancelled and renounced in their entirety. The Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers.

Further terms of the Option Offer and the procedures for acceptances are set out in Appendix I to this Composite Document and the accompanying **YELLOW** form of acceptance.

Share Offer Price and Comparison of Value

The Share Offer Price of HK\$0.23 per Offer Share represents:

- (i) a discount of approximately 83.45% to the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM SOMERLEY

- (ii) a discount of approximately 41.03% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on 20 July 2021, being the last trading day immediately prior to the publication of the Rule 3.7 Announcement;
- (iii) a premium of approximately 2.22% over the closing price of HK\$0.225 per Share as quoted on the Stock Exchange on 19 July 2021 (the “**Undisturbed Day**”), being the last full trading day immediately before the publication of the Rule 3.7 Announcement and immediately prior to the recording of unusual price and trading volume movements of the Shares on 20 July 2021;
- (iv) a discount of approximately 3.36% to the average closing price of approximately HK\$0.238 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Undisturbed Day;
- (v) a discount of approximately 8.73% to the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Undisturbed Day;
- (vi) a discount of approximately 1.29% to the average closing price of approximately HK\$0.233 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Undisturbed Day;
- (vii) a premium of approximately 29.21% over the average closing price of approximately HK\$0.178 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Undisturbed Day;
- (viii) a discount of approximately 71.25% to the closing price of HK\$0.8 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ix) a discount of approximately 64.17% to the average closing price of approximately HK\$0.642 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (x) a discount of approximately 54.00% to the average closing price of approximately HK\$0.500 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (xi) a discount of approximately 31.34% to the average closing price of approximately HK\$0.335 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (xii) a premium of approximately 4.55% over the average closing price of approximately HK\$0.220 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM SOMERLEY

(xiii) a premium of approximately 147.05% over the audited consolidated net asset value per Share attributable to owners of the Company of approximately RMB0.0777 (equivalent to approximately HK\$0.0931) as at 31 December 2020, based on a total of 1,041,243,169 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value attributable to owners of the Company of approximately RMB80,883,000 as at 31 December 2020; and

(xiv) a premium of approximately 235.77% over the unaudited consolidated net asset value per Share attributable to owners of the Company of approximately RMB0.0571 (equivalent to approximately HK\$0.0685) as at 30 June 2021, based on a total of 1,041,243,169 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value attributable to owners of the Company of approximately RMB59,475,000 as at 30 June 2021.

Highest and Lowest Share Prices of Shares

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.39 per Share (on 3 September 2021) and HK\$0.078 per Share (on 26 January 2021), respectively.

Value of the Offers

As set out in the Joint Announcement and in the paragraph headed “Irrevocable Undertaking” above, Seller 1 has given the Irrevocable Undertaking to the Purchasers that it will not (a) accept the Offers, and (b) until the close of the Offers or the lapse of the Offers, sell, transfer, encumber or otherwise dispose of any Shares held by it (save for the Acquisition). As at the Latest Practicable Date, Seller 1 held 47,703,522 Shares, such number of Shares will not be tendered for acceptance of the Offers.

On the basis that the Company has 1,041,243,169 Shares in issue as at the Latest Practicable Date:

- (i) Assuming no outstanding Share Options are exercised and excluding the Shares held by Seller 1 as at the Latest Practicable Date (280,896,000 Shares will be subject to the Share Offer and 60,540,000 Share Options will be subject to the Option Offer), and the Share Offer and Option Offer are accepted in full:
 - (a) the value of the Share Offer will be approximately HK\$64.6 million; and
 - (b) the total amount to satisfy the cancellation of all outstanding Share Options will be approximately HK\$1.5 million.

Therefore, the total cash consideration payable by the Offeror under the Offers would be approximately HK\$66.1 million.

LETTER FROM SOMERLEY

(ii) Assuming all outstanding Share Options are exercised in full and excluding the Shares held by Seller 1 as at the Latest Practicable Date (341,436,000 Shares will be subject to the Share Offer and no Share Options will be subject to the Option Offer), and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Share Options):

(a) the value of the Share Offer will be approximately HK\$78.5 million; and

(b) no amount will be payable by the Offeror under the Option Offer.

Therefore, the total cash consideration payable by the Offeror under the Offers would be approximately HK\$78.5 million.

Using the higher figure from the above scenarios, the maximum total consideration to be paid by the Offeror under the Offers is approximately HK\$78.5 million.

Confirmation of Financial Resources

The maximum cash amount to be paid to the Independent Shareholders in respect of acceptances under the Offers is approximately HK\$78.5 million. The Offers will be funded by internal resources of the Offeror and the internal resources of the Offeror will not be borrowed from any bank or financial institutions.

Somerley, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the full acceptances of the Offers.

Effect of Accepting the Offers

Provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar, the Independent Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to and including the Closing Date.

Acceptances of the Option Offer by Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto. Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers.

Acceptances of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

LETTER FROM SOMERLEY

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days (as defined under the Takeovers Code) following the date on which the duly completed acceptance forms of the Offers and the relevant documents of title of the Offer Shares or the Share Options (as the case may be) in respect of such acceptance are received by the Offeror to render such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder or Optionholder who accepts the Offers will be rounded up to the nearest cent.

Overseas Shareholders and Optionholders

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons not resident in Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The overseas Shareholders and overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal or other professional advice. It is the responsibilities of the overseas Shareholders and overseas Optionholders who are not resident in Hong Kong and wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such overseas Shareholders and overseas Optionholders in respect of such jurisdictions).

Any acceptance by the Shareholders and/or the Optionholders and beneficial owners of the Shares and Share Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Shareholders and/or Optionholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

As confirmed by the Company, all overseas Shareholders and overseas Optionholders are located in the PRC as at the Latest Practicable Date. The Offeror had been advised by King & Wood Mallesons, the legal adviser as to the PRC laws, that this Composite Document and the accompanying form(s) of acceptance may be forwarded to such overseas Shareholders and overseas Optionholders in the PRC and the Company will do so accordingly.

LETTER FROM SOMERLEY

Hong Kong Stamp Duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Shareholders at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the amount payable to the relevant Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's Hong Kong ad valorem stamp duty in connection with such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

Taxation Advice

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, the Company, Somerley and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

OFFEROR'S INTENTION ON THE COMPANY

Purchaser 1 became the controlling shareholder of the Company upon the Acquisition Completion. As at the Latest Practicable Date, Purchaser 1 is directly interested in approximately 31.07% of the total issued share capital of the Company and the Offeror and parties acting in concert with it are interested in approximately 68.44% of the total issued share capital of the Company.

It is the intention of the Offeror that the Group will continue to operate its business in substantially its current state and the Offeror has no intention to scale down or dispose the principal business of the Company (except for the proposed changes to the members of the Board as detailed in the paragraph headed "Proposed change to the Board composition of the Company" below). Upon close of the Offers, the Purchasers and/or the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group's long-term development. Subject to the results of the aforesaid review, the Purchasers and/or the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has/have the Purchasers and/or the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Purchasers and/or the Offeror has/have no intention to discontinue the employment of the employees (except for the proposed changes to the members of the Board

LETTER FROM SOMERLEY

as detailed in the paragraph headed “Proposed change to the Board composition of the Company” below) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board consists of seven Directors, comprising of four executive Directors, namely Mr. Lo, Mr. Leung, Mr. Geng Liang and Mr. Li Jinping and three independent non-executive Directors, being Mr. Hung Muk Ming, Dr. Ng Chi Yeung, Simon and Mr. Mak Kwok Wing. It is intended that Mr. Leung, Mr. Geng Liang, Mr. Hung Muk Ming, Dr. Ng Chi Yeung, Simon and Mr. Mak Kwok Wing will resign from the Board at the earliest time permitted under Rule 7 of the Takeovers Code. The Offeror intends to nominate new Director(s) with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. As at the Latest Practicable Date, the Offeror had not finalised the candidates to be appointed as new Director(s). Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the Listing Rules, if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

INFORMATION ON OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

Information on Offeror

The Offeror is a company incorporated in the Cayman Islands. It is held as to 90% by Purchaser 1, 5% by Galaxy Forever Investments Limited, which is in turn wholly owned by Mr. Li Xiang, and 5% by Subscriber 1, which is in turn wholly owned by Mr. Xiao Xin. The principal activity of the Offeror is investment holding.

Information on Purchaser 1

Purchaser 1 is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Li Jun. The principal activity of Purchaser 1 is investment holding.

LETTER FROM SOMERLEY

Mr. Li Jun graduated from the University of Zhejiang in the PRC specialising in business administration in 2011. Having served as the researcher of CBN Research Institute* (第一財經研究院), he has developed professional knowledge, market undertaking and experience in the all-media industry. He is also the founder of Hangzhou Jinwei Supply Chain Information Service Co., Ltd.* (杭州盡微供應鏈信息服務有限公司), a software as a service (SaaS) company serving new e-commerce and new media platforms which has formed a strategic partnership with Douyin, a video-sharing focused social networking service platform in the PRC, and also serves as the chairman of such company. He is currently a consultant to the board of directors of Beijing Wemedia Technology Co., Ltd.* (北京微媒互動科技股份有限公司), a media content marketing company in the PRC. Mr. Li Jun also founded various technology companies and has developed entrepreneurial and business management experiences. The Group engages in all-media related businesses and Mr. Li Jun's experience and his business network in the media industry in the PRC shall assist the Group to further develop its all-media related businesses (including but not limited to TV broadcasting and multi-media production and new media business in the PRC).

Information on Purchaser 2

Purchaser 2 is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Lu Jiayao. The principal activity of Purchaser 2 is investment holding.

Mr. Lu Jiayao studied at the University of California, Davis in United States of America from 2013 to 2016. He has been working in the capital investment industry. Mr. Lu Jiayao also invested in a company which principally engaged in radio, television, film and video production business in the PRC.

Information on Purchaser 3

Purchaser 3 is a company incorporated in the British Virgin Islands, which is wholly owned by Ms. Guo Jing. The principal activity of Purchaser 3 is investment holding.

Ms. Guo Jing has over ten years of working experience in an internet company. She currently specialises in the investment of equity securities within the technology, media and telecom (TMT) industry.

Information on Purchaser 4

Purchaser 4 is a company incorporated in the British Virgin Islands. It is wholly owned by Hao Dong Trust, a trust with Mr. Liao Dong as the beneficiary and Managecorp Limited as the trustee. Managecorp Limited is wholly owned by David Chong. The principal activity of Purchaser 4 is investment holding.

Mr. Liao Dong is the founder of 91wan, a gaming platform in the PRC. He is also the chief executive officer of Guangzhou Weidong Network Technology Co., Ltd.* (廣州維動網絡科技有限公司) and a co-founder of Forgame Holdings Limited (Stock Code: 484), a company listed on the Stock Exchange. He is responsible for the operation of Forgame Holdings Limited's game publishing platform. Mr. Liao Dong has developed internet and investment related experience.

LETTER FROM SOMERLEY

Information on Subscriber 1

Subscriber 1 is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Xiao Xin. Mr. Xiao Xin and Mr. Li Jun are both directors of the Offeror. The principal activity of Subscriber 1 is investment holding.

Mr. Xiao Xin obtained a master's degree in financial engineering from University of Science and Technology Beijing in 2008. He was previously appointed as a senior vice-president at CITIC Asset Management Co., Ltd.* (中信資產管理有限公司) and the secretary of the board at Jiangsu Tongda Power Technology Shares Co., Ltd.* (江蘇通達動力科技股份有限公司) (Stock Code: 002576), a company listed on the Shenzhen Stock Exchange. He is currently a director and general manager of Chengdu Tiansheng Jiaobao Technology Co., Ltd.* (成都天生驕傲科技有限公司), a company which principally engaged in software and information technology services in the PRC. He has experience in technology and media related industry, corporate management and operation.

Information on Subscriber 2

Subscriber 2 is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Teng Rongsong. The principal activity of Subscriber 2 is investment holding.

Mr. Teng Rongsong graduated from Peking University in the PRC in 1995. From 2009 to 2015, he worked at China Development Bank Capital Co. Ltd.* (國開金融有限責任公司), a wholly-owned subsidiary of China Development Bank. Since 2015, he has been engaged in individual investment business and has developed investment experience.

Information on Subscriber 3

Subscriber 3 is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Wu Yongming. The principal activity of Subscriber 3 is investment holding.

Mr. Wu Yongming has extensive experience in corporate management and is currently working in the capital investment industry and was also a senior management in a multinational technology company specializing in e-commerce, retail, Internet and technology.

COMPULSORY ACQUISITION

The Offeror does not intend to privatise the Company by availing itself of any powers of compulsory acquisition of the remaining Shares not acquired under the Share Offer after the close of the Offers.

FURTHER DETAILS OF THE OFFERS

Further details of the Offers are set out in “Appendix I — Further Terms and procedures for acceptance of the Offers” to this Composite Document and the accompanying form(s) of acceptance.

LETTER FROM SOMERLEY

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

Attention of the overseas Shareholders and overseas Optionholders is drawn to the paragraph headed “Overseas Shareholders and Optionholders” in this letter.

All documents and/or remittances to be sent to the Independent Shareholders and the Optionholders by ordinary post are at their own risk. Such documents and/or remittances will be sent to the Independent Shareholders and the Optionholders at their address specified on the relevant Independent Shareholder’s or Optionholder’s form of acceptance. None of the Company, the Offeror, Somerley, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

WARNINGS

Shareholders are encouraged to read this Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders and the Optionholders in respect of the Offers, before deciding whether or not to accept the Offers.

Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Yours faithfully,
For and on behalf of
Somerley Capital Limited
Clifford Cheng
Director



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)

Executive Directors:

Mr. Lo Chi Sum (*Chairman*)
Mr. Leung Wing Fai
Mr. Geng Liang
Mr. Li Jinping

Independent non-executive Directors:

Mr. Hung Muk Ming
Dr. Ng Chi Yeung, Simon
Mr. Mak Kwok Wing

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*

Unit 910, 9/F
Tins Enterprises Centre
777 Lai Chi Kok Road
Cheung Sha Wan
Kowloon
Hong Kong

7 September 2021

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF
GOLDEN OCEAN HOLDINGS CORP.
FOR ALL THE SHARES IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
GOLDEN OCEAN HOLDINGS CORP. AND/OR
PARTIES ACTING IN CONCERT WITH IT)
AND
FOR CANCELLATION OF ALL OUTSTANDING OPTIONS IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the Joint Announcement made jointly by the Company and the Offeror in relation to, among other matters, the Sale and Purchase Agreement and the Offers. Terms used in this letter have the same meanings as defined in this Composite Document unless the context otherwise requires.

LETTER FROM THE BOARD

On 30 July 2021, the Sellers and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the Sale Shares at the Consideration in the sum of HK\$106,700,637 (equivalent to approximately HK\$0.1570 per Sale Share). The Acquisition Completion took place on 31 August 2021.

Immediately after the Acquisition Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 712,643,647 Shares, representing approximately 68.44% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Acquisition Completion, Purchaser 1 is required to make mandatory unconditional general offers in cash for all the issued Shares held by the Independent Shareholders.

On 30 July 2021, the Company and the Subscribers (being parties acting in concert with the Offeror) also entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscribers conditionally agreed to subscribe, in cash, for the Convertible Bonds in the principal amount of HK\$47,000,000, 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. Assuming the Subscription Completion takes place, all the Convertible Bonds are converted in full and there is no change to the issued share capital of the Company from the Latest Practicable Date to the conversion date of the Convertible Bonds, the Offeror and parties acting in concert with it will be interested in a total of 916,991,473 Shares, representing approximately 73.62% of the issued share capital of the Company.

As at the Latest Practicable Date, save for 60,540,000 outstanding Share Options and the Convertible Bonds that may be issued upon Subscription Completion as mentioned above, the Company has no outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares. Upon the Acquisition Completion, the Offeror will also make the Option Offer to cancel all the outstanding Share Options pursuant to Rule 13 of the Takeovers Code.

As disclosed in the announcement of the Company dated 6 August 2021, Altus Capital has been appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offers and in particular (i) as to whether the Offers are, or are not, fair and reasonable; and (ii) as to acceptance of the Offers. The appointment of Altus Capital has been approved by the Independent Board Committee.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from Altus Capital, the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document.

You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

LETTER FROM THE BOARD

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to each of the Group, the Offeror, and the Offers; (ii) the letter from Somerley containing details of the Offers; (iii) the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders and the Optionholders in respect of the Offers; and (iv) the letter from Altus Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee on whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and as to acceptance in respect of the Offers.

THE OFFERS

The Offers are unconditional and are not subject to any minimum level of acceptances.

The “Letter from Somerley” in this Composite Document contains the information in respect of the Offers and the principal terms of the Offers are extracted below.

You are recommended to refer to the “Letter from Somerley”, Appendix I to this Composite Document and the accompanying form(s) of acceptance for further details.

Somerley, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers to (i) acquire all the Offer Shares; and (ii) cancel all the Share Options, on the terms set out in this Composite Document issued in accordance with the Takeovers Code on the following basis:

Share Offer

For each Offer Share HK\$0.23 in cash

The Share Offer Price of HK\$0.23 per Offer Share under the Share Offer is equivalent to (i) the initial conversion price of HK\$0.23 per Conversion Share of the Convertible Bonds; and (ii) the acquisition price per Share of the Previous Acquisitions (amongst which the acquisition of (i) 15,046,122 Shares has been completed on 22 July 2021; and (ii) 17,801,047 Shares has been completed on 29 July 2021).

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired shall be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to and including the Closing Date.

LETTER FROM THE BOARD

Option Offer

As at the Latest Practicable Date, there were 60,540,000 outstanding Share Options granted under the Share Option Scheme, among which 53,540,000 Share Options were exercisable and 7,000,000 Share Options became vested automatically and are exercisable upon the Offers become unconditional in accordance to the Share Option Scheme. The Share Options have exercise prices in the range of HK\$0.067 to HK\$0.435.

Under the Option Offer, Somerley, on behalf of the Offeror, is offering the Optionholders the Option Offer Price, which in general should be the “see-through” price (being the Share Offer Price minus the relevant exercise price in the case of the outstanding Share Options) for each outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. As the exercise price of some of the Share Options is above the Share Offer Price, the Option Offer Price for cancellation of each of those Share Options is a nominal amount of HK\$0.001.

Share Option exercise price (HK\$)	Option Offer Price (HK\$)	Number of outstanding Share Options as at the Latest Practicable Date (vested)
0.435	0.001	5,000,000
0.222	0.008	48,540,000
0.067	0.163	7,000,000

The Option Offer is extended to all Share Options in issue on the date on which the Option Offer is made, being the date of despatch of this Composite Document.

Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be cancelled and renounced in their entirety. The Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the Closing Date.

Value of the Offers

As set out in the Joint Announcement, Seller 1 has given the Irrevocable Undertaking to the Purchasers that it will not (a) accept the Offers, and (b) until the close of the Offers or the lapse of the Offers, sell, transfer, encumber or otherwise dispose of any Shares held by it (save for the Acquisition). As at the Latest Practicable Date, Seller 1 held 47,703,522 Shares, such number of Shares will not be tendered for acceptance of the Offers.

LETTER FROM THE BOARD

On the basis that there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the Closing Date:

- (i) Assuming no outstanding Share Options are exercised and excluding the Shares held by Seller 1 as at the Latest Practicable Date (280,896,000 Shares will be subject to the Share Offer and 60,540,000 Share Options will be subject to the Option Offer), and the Share Offer and Option Offer are accepted in full:
 - (a) the value of the Share Offer will be approximately HK\$64.6 million; and
 - (b) the total amount to satisfy the cancellation of all outstanding Share Options will be approximately HK\$1.5 million.

Therefore, the total cash consideration payable by the Offeror under the Offers would be approximately HK\$66.1 million.

- (ii) Assuming all outstanding Share Options are exercised in full and excluding the Shares held by Seller 1 upon as at the Latest Practicable Date (341,436,000 Shares will be subject to the Share Offer and no Share Options will be subject to the Option Offer), and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Share Options):
 - (a) the value of the Share Offer will be approximately HK\$78.5 million; and
 - (b) no amount will be payable by the Offeror under the Option Offer.

Therefore, the total cash consideration payable by the Offeror under the Offers would be approximately HK\$78.5 million.

Using the higher figure from the above scenarios, the maximum total consideration to be paid by the Offeror under the Offers is approximately HK\$78.5 million.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is a China-based video service provider of all-media application solutions to facilitate content production, broadcast and live broadcasting, transmission, system maintenance services, and sales of self-developed products.

Your attention is drawn to the financial and general information of the Group set out in Appendix II and IV to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to the Acquisition Completion; (ii) immediately upon the Acquisition Completion and as at the Latest Practicable Date, (iii) immediately upon the Acquisition Completion and full conversion of the Convertible Bonds by the Subscribers but before the Closing Date (assuming the Convertible Bonds have been issued and none of the Share Options have been exercised on or prior to Closing Date); and (iv) immediately upon the Acquisition Completion and full conversion of the Convertible Bonds by the Subscribers but before the Closing Date (assuming the Convertible Bonds have been issued and all of the Share Options have been exercised on or prior to Closing Date):

	Immediately prior to the Acquisition Completion		Immediately upon the Acquisition Completion and as at the Latest Practicable Date		Immediately upon the Acquisition Completion and full conversion of the Convertible Bonds by the Subscribers but before the Closing Date (assuming none of the Share Options have been exercised on or prior to Closing Date) (Note 3)		Immediately upon the Acquisition Completion and full conversion of the Convertible Bonds by the Subscribers but before the Closing Date (assuming all of the Share Options have been exercised on or prior to Closing Date) (Note 5)	
	Number of Shares held	% of Shares in issue (Note 1)	Number of Shares held	% of Shares in issue (Note 1)	Number of Shares held	% of Shares in issue (Note 1)	Number of Shares held	% of Shares in issue (Note 1)
Sellers and parties acting in concert with any of them								
Seller 1 (Note 4)	667,500,000	64.11	47,703,522	4.58	47,703,522	3.83	47,703,522	3.65
Seller 2	60,000,000	5.76	—	—	—	—	—	—
Mr. Li Jinping (Note 2)	1,100,000	0.11	1,100,000	0.11	1,100,000	0.09	9,100,000	0.70
Sub-total	728,600,000	69.98	48,803,522	4.69	48,803,522	3.92	56,803,522	4.35
Offeror and parties acting in concert with it								
Offeror	32,847,169	3.15	32,847,169	3.15	32,847,169	2.64	32,847,169	2.52
Purchaser 1	—	—	323,500,334	31.07	323,500,334	25.97	323,500,334	24.77
Purchaser 2	—	—	303,594,303	29.16	303,594,303	24.37	303,594,303	23.24
Purchaser 3	—	—	20,738,154	1.99	20,738,154	1.67	20,738,154	1.59
Purchaser 4	—	—	31,963,687	3.07	31,963,687	2.57	31,963,687	2.45
Subscriber 1	—	—	—	—	128,304,348	10.30	128,304,348	9.82
Subscriber 2	—	—	—	—	37,391,304	3.00	37,391,304	2.86
Subscriber 3	—	—	—	—	38,652,174	3.10	38,652,174	2.96
Sub-total	32,847,169	3.15	712,643,647	68.44	916,991,473	73.62	916,991,473	70.21
Public Shareholders	279,796,000	26.87	279,796,000	26.87	279,796,000	22.46	332,336,000	25.44
Total	1,041,243,169	100.00	1,041,243,169	100.00	1,245,590,995	100.00	1,306,130,995	100.00

LETTER FROM THE BOARD

Notes:

1. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding them.
2. Mr. Li Jinping, an executive Director, is a party acting in concert with the Sellers.
3. This scenario is for illustrative purpose only on the assumption that there will be no other changes to the issued share capital of the Company since the Latest Practicable Date save for the full conversion of the Conversion Shares. Pursuant to the conversion restrictions under the terms and conditions of the Convertible Bonds, the Subscribers shall only exercise conversion rights attaching to the Convertible Bonds if immediately following the conversion, (i) the Company will be able to meet the public float requirement under the Listing Rules; (ii) the bondholders will not be required to make a general offer under Rule 26 of the Takeovers Code; and (iii) the bondholders will not be in breach of any relevant laws, rules and regulations, including but not limited to the Listing Rules and the Takeovers Code.
4. Seller 1 is wholly owned by Mr. Lo, the founder, chairman and chief executive officer of the Group. Being the founder of the Group, it is the intention of Mr. Lo to hold certain interest in the Company and to remain as a Director to manage the Group's existing business upon Acquisition Completion. The remaining interest in the Company to be held by Mr. Lo upon Acquisition Completion also provides incentive to him to manage the Group's business so as to strive for a better return for the Shareholders. Prior to the entering into the Sale and Purchase Agreement and/or the Irrevocable Undertaking, as (i) Seller 1 or Mr. Lo did not have any relationship with the Offeror or any parties acting in concert with it; (ii) no consideration, compensation or benefit in whatever form has been or will be provided by the Offeror or parties acting in concert with it to Seller 1 in connection with the Irrevocable Undertaking; and (iii) other than the Acquisition and the Subscription, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any party acting in concert with it on the one hand, and Seller 1 on the other hand, Seller 1 is not a party acting in concert with the Offeror.
5. This scenario is set out for illustration purpose only, assuming that full conversion of the Convertible Bonds by the Subscribers and all the Share Options have been exercised at or prior to Closing Date.

OFFEROR'S INTENTION ON THE COMPANY

Upon the Acquisition Completion, Purchaser 1 became the controlling shareholder of the Company and is directly interested in approximately 31.07% of the total issued share capital of the Company and the Offeror and its parties acting in concert with it is interested in approximately 68.44% of the total issued share capital of the Company.

It is the intention of the Offeror that the Group will continue to operate its business in substantially its current state and the Offeror has no intention to scale down or dispose the principal business of the Company (except for the proposed changes to the members of the Board as detailed in the paragraph headed "Proposed change to the Board composition of the Company" in the "Letter from Somerley" as set out on pages 8 to 22 of this Composite Document)). Upon close of the Offers, the Purchasers and/or the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group's long-term development. Subject to the results of the aforesaid review, the Purchasers and/or the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has/ have the Purchasers and/or the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the

LETTER FROM THE BOARD

Group, and the Purchasers and/or the Offeror has/have no intention to discontinue the employment of the employees (except for the proposed changes to the members of the Board as detailed in the paragraph headed “Proposed change to the Board composition of the Company” in the “Letter from Somerley” on pages 8 to 22 of this Composite Document) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

The Board is aware of the Offeror’s intention in respect of the Group and is willing to cooperate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the Listing Rules, if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Hung Muk Ming, Dr. Ng Chi Yeung, Simon and Mr. Mak Kwok Wing, to advise the Independent Shareholders and the Optionholders (i) as to whether the Offers are, or are not, fair and reasonable; and (ii) as to acceptance of the Offers.

As disclosed in the announcement of the Company dated 6 August 2021, Altus Capital has been appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offers and in particular (i) as to whether the Offers are, or are not, fair and reasonable; and (ii) as to acceptance of the Offers. The appointment of Altus Capital has been approved by the Independent Board Committee.

RECOMMENDATIONS

We recommend Independent Shareholders and Optionholders to read (i) the “Letter from the Independent Board Committee” as set out on pages 32 to 33 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders and the Optionholders in respect of the Offers; and (ii) the “Letter from Altus Capital” set out on pages 34 to 56 of this Composite Document, which contains its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it before

LETTER FROM THE BOARD

arriving at its recommendations. In considering what action to take in connection with the Offers, you should also consult your professional advisers as to the tax implications that may arise from accepting the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from Somerley” on pages 8 to 22 of this Composite Document and the additional information contained in the appendices to this Composite Document. You are also recommended to carefully read “Appendix I — Further terms and procedures for acceptance of the Offers” to this Composite Document and the accompanying form(s) of acceptance for further details in respect of the terms and procedures for the acceptance and settlement of the Offers.

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



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)

7 September 2021

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF
GOLDEN OCEAN HOLDINGS CORP.
FOR ALL THE SHARES IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
GOLDEN OCEAN HOLDINGS CORP. AND/OR
PARTIES ACTING IN CONCERT WITH IT)
AND
FOR CANCELLATION OF ALL OUTSTANDING OPTIONS IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED**

We refer to this Composite Document dated 7 September 2021 jointly issued by the Company and the Offeror, of which this letter forms part. Unless specified otherwise, terms used in this letter shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and to make a recommendation as to acceptance of the Offers.

Altus Capital has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance of the Offers. Your attention is drawn to the “Letter from Altus Capital” as set out on pages 34 to 56 in this Composite Document containing its advice to us and the principal factors and reasons taken into consideration by it in arriving at its recommendations in respect of the Offers.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from Somerley” set out on pages 8 to 22 of this Composite Document and the “Letter from the Board” as set out on pages 23 to 31 of this Composite Document as well as the additional information set out in the appendices to this Composite Document and the accompanying form(s) of acceptance in respect of the terms of the Offers and acceptance and settlement procedures for the Offers.

RECOMMENDATION

Having considered the terms of the Offers, the information contained in this Composite Document and the principal factors and reasons considered by, and the independent advice of Altus Capital, as set out in its letter of advice, we consider that the terms of the Share Offer are fair and reasonable. Accordingly, we recommend the Independent Shareholder to accept the Share Offer. For the Option Offer, as the Share Offer Price and see-through basis are considered to be fair and reasonable, the Option Offer is fair and reasonable accordingly. We recommend the Optionholders to accept the Option Offer.

As the closing price of the Shares was above the Share Offer Price at the Latest Practicable Date, Independent Shareholders who have decided to realise their investments in the Shares can, to the extent possible, dispose of their Shares on market if the market price is above the Share Offer Price or their respective exercise prices during the Offer Period. Similarly, Optionholders holding vested Share Options can, to the extent possible, exercise their Share Options and dispose of their Shares on market if the market price is above the exercise price during the Offer Period.

Notwithstanding our recommendation, the Independent Shareholders and the Optionholders should consider carefully the terms of the Offers and then decide whether to accept or not to accept the Offers. You are strongly recommended to read the full text of the “Letter from Altus Capital” as set out in this Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Century Sage Scientific Holdings Limited

Mr. Hung Muk Ming

Dr. Ng Chi Yeung, Simon

Mr. Mak Kwok Wing

Independent non-executive Directors

LETTER FROM ALTUS CAPITAL

Set out below is the text of a letter received from Altus Capital Limited, the independent financial adviser to the Independent Board Committee in respect of the Offers for the purpose of inclusion in the Composite Document.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

7 September 2021

To the Independent Board Committee

Century Sage Scientific Holdings Limited
Unit 910, 9/F
Tins Enterprises Centre
777 Lai Chi Kok Road
Cheung Sha Wan
Kowloon, Hong Kong

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS
BY SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF GOLDEN OCEAN HOLDINGS CORP.
FOR ALL THE SHARES IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
GOLDEN OCEAN HOLDINGS CORP.
AND/OR PARTIES ACTING IN CONCERT WITH IT);
AND
FOR CANCELLATION OF ALL OUTSTANDING OPTIONS IN
CENTURY SAGE SCIENTIFIC HOLDINGS LIMITED**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offers. Our appointment as the independent financial adviser has been approved by the Independent Board Committee as set out in the announcement issued by the Company dated 6 August 2021. Details of the Offers are set out in the “Letter from the Board” contained in the Composite Document dated 7 September 2021, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

LETTER FROM ALTUS CAPITAL

The Offers

As at the Latest Practicable Date, save for (i) the Previous Acquisitions, (ii) the Acquisition and (iii) the Subscription, the Offeror and parties acting in concert with it (including the Purchasers and the Subscribers) do not hold, control or have direction over any Shares in the share capital or voting rights of the Company.

Upon the Acquisition Completion, the Offeror and parties acting in concert with it are interested in 712,643,647 Shares, representing approximately 68.44% of the entire issued share capital of the Company. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, Purchaser 1 is required to make the Share Offer in cash for all the issued Shares held by the Independent Shareholders. The Acquisition Completion took place on 31 August 2021. For details, please refer to the joint announcement dated 31 August 2021 issued by the Offeror and the Company.

As at the Latest Practicable Date, save for 60,540,000 outstanding Share Options and the Convertible Bonds that may be issued upon Subscription Completion, the Company has no outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares. Upon the Acquisition Completion, the Offeror is required to make the Option Offer to cancel all the outstanding Share Options pursuant to Rule 13 of the Takeovers Code.

THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Hung Muk Ming, Dr. Ng Chi Yeung, Simon and Mr. Mak Kwok Wing, to advise the Independent Shareholders and the Optionholders as to whether the terms of the Offers are fair and reasonable, and as to acceptance of the Offers.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser with respect to the Offers, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

We (i) are not associated or connected, financial or otherwise, with the Company or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of the Composite Document. Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Offers is at market level and not conditional upon the outcome of the Offers; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are

LETTER FROM ALTUS CAPITAL

independent of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the independent financial adviser to the Independent Board Committee in respect of the Offers.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”); (iii) the interim results announcement of the Group for the six months ended 30 June 2021 (the “**Interim Results Announcement**”); and (iv) other announcements made by the Company during the year ended 31 December 2020 and up to the Latest Practicable Date.

We have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us by the Company, the Directors and the management of the Company (collectively the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the Latest Practicable Date. The Company will notify the Independent Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date, and before the despatch of the Composite Document.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material fact the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Composite Document, and information relating to the Company provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on the Independent Shareholders arising from acceptance or non-acceptance of the Offers, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Independent Shareholders as a result of the Offers. In particular, the Independent Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE PROPOSAL

1. Background information of the Company

1.1 Principal activities

The Company is an investment holding company. The Group is a China-based video service provider of all-media application solutions to facilitate content production, broadcast and live broadcasting, transmission, system maintenance services, and sales of self-developed products.

1.2 Financial information

Set out below is a summary of the audited financial information of the Group for each of the two financial years ended 31 December 2019 and 2020 as extracted from the 2020 Annual Report, as well as the unaudited consolidated financial information of the Group for the six months ended 30 June 2020 and 2021 as extracted from the Interim Results Announcement.

	For the six months ended 30 June		For the year ended 31 December	
	2021	2020	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	111,048	52,957	153,306	191,030
<i>Application solutions</i>	76,207	33,552	95,164	148,761
<i>System maintenance services</i>	3,845	4,431	13,673	17,228
<i>Sales of self-developed products</i>	23,260	13,161	44,469	25,041
<i>New media services</i>	7,736	1,813	N/A (<i>Note 1</i>)	N/A (<i>Note 1</i>)
Cost of sales	(82,196)	(35,136)	(97,455)	(142,443)
Gross profit	28,852	17,821	55,851	48,587
Gross profit margin	26.0%	33.7%	36.4%	25.4%
Loss for the year/period	(23,829)	(29,484)	(97,957)	(88,644)
Loss per share (RMB cents per share)	(2.01 cents)	(2.76 cents)	(9.37 cents)	(8.16 cents)
Dividend per Share	N/A	N/A	N/A	N/A

LETTER FROM ALTUS CAPITAL

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
Non-current assets	103,941	108,745	176,428
Current assets	340,380	389,897	338,578
Total assets	444,321	498,642	515,006
Non-current liabilities	47,963	16,039	22,782
Current liabilities	314,893	376,817	309,901
Total liabilities	362,856	392,856	332,683
Total equity (net asset)	81,465	105,786	182,323
<i>Total equity attributable to shareholders of the Company</i>	59,475	80,883	170,919
Net asset value per Share (RMB) (Note 2)	0.06	0.08	0.16
Net asset value per Share (HK\$)	0.07	0.09	0.20

Notes:

1. Segment financial information for new media services was not available for FY2020 and FY2019.
2. Net asset value per share was calculated using the total equity attributable to shareholders of the Company as at the respective financial period end divided by the then total number of issued shares of the Company.
3. The exchange rate of RMB1 = HK\$1.2 was adopted.

Year ended 31 December 2020 (“FY2020”) compared to year ended 31 December 2019 (“FY2019”)

The Group’s revenue decreased by approximately 19.7% from approximately RMB191.0 million in FY2019 to approximately RMB153.3 million in FY2020. Such decrease was mainly contributed by the decrease in revenue for the application solutions business segment which represented approximately 77.9% and 62.1% of the total revenue of the Group for FY2019 and FY2020 respectively. The decline was partially offset by the increase in revenue for the sales of self-developed products business segment which represented approximately 13.1% and 29.0% of the total revenue of the Group for FY2019 and FY2020 respectively.

LETTER FROM ALTUS CAPITAL

Set out below is the breakdown of the Group's revenue by business segments during FY2019 and FY2020.

	FY2020		FY2019	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
Segment revenue				
Application solutions	95,164	62.1%	148,761	77.9%
System maintenance services	13,673	8.9%	17,228	9.0%
Sales of self-developed products	44,469	29.0%	25,041	13.1%

Revenue of the application solutions business segment decreased from approximately RMB148.8 million in FY2019 to approximately RMB95.2 million in FY2020, representing a decrease of approximately 36.0%. Such decrease was mainly attributable to the outbreak of COVID-19 in late 2019 and the ongoing epidemic which led to an overall erosion in market sentiment. The revenue from the system maintenance services business segment also decreased from approximately RMB17.2 million in FY2019 to approximately RM13.7 million in FY2020, affected by the ongoing epidemic of COVID-19 and travel restrictions. Revenue for the sales of self-developed products business segment increased from approximately RMB25.0 million in FY2019 to approximately RMB44.5 million in FY2020. As advised by the Management, such increase was mainly the result of consolidation of revenue from a subsidiary, being Beijing Gefei Technology Corporation (北京格非科技股份有限公司) (“**Beijing Gefei**”), which was reclassified from being interests in associates to a subsidiary on 31 August 2020. Beijing Gefei is engaged in, among others, the development and production of core technology equipment systems.

The Group's gross profit margin increased from approximately 25.4% in FY2019 to approximately 36.4% in FY2020. Such increase was mainly due to the increase in proportion of revenue from the sales of self-developed products business segment, which had a higher gross profit margin compared to the other business segments of the Group. The gross profit margins of the sales of self-developed products were approximately 80.6% and 79.2% for FY2019 and FY2020 respectively.

As at 31 December 2020, net asset of the Group decreased to approximately RMB105.8 million from approximately RMB182.3 million as at 31 December 2019, which was mainly attributable to the operating losses of the Group. We noted a consistent erosion of the Group's net asset since 2016 as a result of the continued losses since the year ended 31 December 2016. The Group's net asset had decreased from approximately RMB475.3 million as at 31 December 2016 to approximately RMB105.8 million as at 31 December 2020.

LETTER FROM ALTUS CAPITAL

The gearing ratio of the Group (calculated by dividing total bank and other borrowings by total equity of the Group) increased from approximately 78.6% as at 31 December 2019 to approximately 166.8% as at 31 December 2020. The increase in the gearing ratio to above 100% was the result of an increase in the Group's bank and other borrowings following the consolidation of bank and other borrowings of Beijing Gefei into the Group's consolidated financial positions as Beijing Gefei has been reclassified from being interests in associates to a subsidiary. Gearing ratio was further aggravated by the decrease in total equity as mentioned above.

The Group's current ratio had maintained relatively stable at approximately 1.0 time as at 31 December 2020 compared to approximately 1.1 times as at 31 December 2019.

Six months ended 30 June 2021 ("1H 2021") compared to six months ended 30 June 2020 ("1H 2020")

The Group's revenue increased from approximately RMB53.0 million for 1H 2020 to approximately RMB111.0 million for 1H 2021, representing an increase of approximately 109.7%. Such increase was mainly attributable to the inclusion of revenue of 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.

Set out below is the breakdown of the Group's revenue by business segments during 1H 2020 and 1H 2021.

	1H 2021		1H 2020	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
	<i>(Unaudited)</i>	<i>revenue</i>	<i>(Unaudited)</i>	<i>revenue</i>
Segment 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%

The revenue from the application solutions segment increased by approximately 127.1% from approximately RMB33.6 million for 1H 2020 to approximately RMB76.2 million for 1H 2021, mainly due to the inclusion of revenue of Beijing Gefei. The revenue from the system maintenance services has decreased by approximately 13.2% from approximately RMB4.4 million for 1H 2020 to approximately RMB3.8 million for 1H 2021, mainly due to the decreased demand for onsite support services during 1H 2021 as a result of the ongoing epidemic of COVID-19. The revenue from the sales of self-developed products segment for 1H 2021 increased by approximately 76.7% as compared to 1H 2020 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 1H 2020, which was mainly attributable to the Group allocating more resources to the development of new media marketing business and e-commerce live broadcasting platform during 1H 2021.

The Group has recorded a gross profit of approximately RMB28.9 million for 1H 2021, representing a gross profit margin of approximately 26.0%, as compared to approximately 33.7% for 1H 2020. Such decrease in gross profit margin was mainly due to the gross profit margin for the Application Solutions segment had decreased significantly from approximately 20.7% for 1H 2020 to approximately 11.4% for 1H 2021, as a result of the combination of the financial results of Beijing Gefei, which is engaged in different fields of the application solutions with lower gross profit margin.

As at 30 June 2021, the Group has recorded a net asset value of approximately RMB81.5 million, representing a decrease of approximately 23.0% as compared to approximately RMB105.8 million as at 31 December 2020.

The gearing ratio of the Group increased from approximately 166.8% as at 31 December 2020 to approximately 189.3% as at 30 June 2021. The Group's current ratio had maintained relatively stable at approximately 1.1 times as at 30 June 2021 compared to approximately 1.0 time as at 31 December 2020.

1.3 Outlook of the Group

As advised by the Management, the Group's business was negatively impacted by the COVID-19 pandemic during FY2020 due to (i) cancellations or postponements of certain seminars, forums and sports events which the Group has been engaged to provide services; and (ii) the Group's inability to provide on-site services as many travel restrictions were imposed as part of disease prevention measures. The Group had continued to record losses for four consecutive financial years, and the COVID-19 pandemic had further added uncertainties in the Group's operational outlook. Looking forward, with the resurgence of COVID-19 cases in mainland China and the spread of the different variants of COVID-19 all around the world, the situation of the COVID-19 pandemic remains uncertain and it is unclear when the broadcast environment will begin to recover.

In the 2020 Annual Report, the Group had mentioned various future development strategies, including (i) to explore and apply video system technologies into other industries including medical industry, security industry and smart cities programs; and (ii) to explore and seize business opportunities in new media marketing and e-commerce live broadcasting platforms. For 1H 2021, the Group has allocated more resources into the development of new media services business (the "**New Media Services**"). For 1H 2021, the New Media Services business segment of the Group has recorded a revenue of approximately RMB7.7 million, which increased by approximately 3.3 times comparing with that for 1H 2020. The Management believes such diversification and new development is critical to the improvement of its operational performance. We note that,

subject to the Shareholders' approval, additional resources may be deployed towards these New Media Services where approximately 23% of the net proceeds from the issue of the Convertible Bonds, being approximately HK\$10.7 million, shall be applied for the exploring and grasping the opportunities of new media market and e-commerce live broadcasting platform by using video streaming media live broadcasting technology.

Further, according to the "Letter from Somerley", the Offeror, Purchaser 1 and Purchaser 3 have media and e-commerce background and experience which the Group may leverage on to develop the New Media Services after the Offer.

Considering the lingering COVID-19 pandemic and the Group's continued deteriorating operating performance; notwithstanding the possible expertise and resources the Offeror and some of the Purchasers could potentially bring in, we are of the view that there remains uncertainty as to a turnaround to the business outlook and operating performance of the Group in the short term.

2. Background information of the Offeror and the Purchasers

2.1 The Offeror

The Offeror is a company incorporated in the Cayman Islands. It is held as to 90% by Purchaser 1, 5% by Galaxy Forever Investments Limited, which is in turn wholly owned by Li Xiang, and 5% by Subscriber 1, which is in turn wholly owned by Xiao Xin. The principal activity of the Offeror is investment holding.

2.2 Purchaser 1

Purchaser 1 is a company incorporated in the British Virgin Islands, which is wholly owned by Li Jun. The principal activity of Purchaser 1 is investment holding.

Li Jun graduated from the University of Zhejiang in the PRC specialising in industrial design in 2011. Having served as the principal researcher of CBN Research Institute* (第一財經研究院), he has developed professional knowledge, market undertaking and experience in the all-media industry. He is also the founder of Hangzhou Jinwei Supply Chain Information Service Co., Ltd.* (杭州盡微供應鏈信息服務有限公司), a software as a service (SaaS) company serving new e-commerce and new media platforms, and also serves as the chairman of such company. He is currently a consultant to the board of directors of Beijing Wemedia Technology Co., Ltd.* (北京微媒互動科技股份有限公司), a media content marketing company in the PRC. Mr. Li Jun also founded various technology companies and has developed entrepreneurial and business management experiences. The Group has engaged in several new media projects with nationwide new media operators and Mr. Li Jun's experience and his business network in the media industry in the PRC shall assist the Group to tap into the new media industry.

2.3 Purchaser 2

Purchaser 2 is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Lu Jiayao. The principal activity of Purchaser 2 is investment holding.

LETTER FROM ALTUS CAPITAL

Mr. Lu Jiayao studied at the University of California, Davis in United States of America from 2013 to 2016. He has been working in the capital investment industry.

2.4 Purchaser 3

Purchaser 3 is a company incorporated in the British Virgin Islands, which is wholly owned by Ms. Guo Jing. The principal activity of Purchaser 3 is investment holding.

Ms. Guo Jing has over ten years of working experience in an internet company. She currently specialises in the investment of equity securities within the technology, media and telecom (TMT) industry.

2.5 Purchaser 4

Purchaser 4 is a company incorporated in the British Virgin Islands. It is wholly owned by Hao Dong Trust, a trust with Mr. Liao Dong as the beneficiary and Managecorp Limited as the trustee. Managecorp Limited is wholly owned by David Chong. The principal activity of Purchaser 4 is investment holding.

Mr. Liao Dong is the founder of 91wan, a gaming platform in the PRC. He is also the chief executive officer of Guangzhou Weidong Network Technology Co., Ltd.* (廣州維動網絡科技有限公司) and a co-founder of Forgame Holdings Limited (Stock Code: 484), a company listed on the Stock Exchange. He is responsible for the operation of Forgame Holdings Limited's game development platform. Mr. Liao Dong has developed internet and investment related experience.

For background information of the Subscribers, please refer to the paragraphs headed "Information on Offeror and parties acting in concert with it" under the section headed "Letter from Somerley" of the Composite Document.

3. The Offeror's intention in relation to the Company

Upon the Acquisition Completion on 31 August 2021, Purchaser 1 became the controlling shareholder of the Company and is directly interested in approximately 31.07% of the total issued share capital of the Company and the Offeror and parties acting in concert with it (including Purchaser 1) are interested in approximately 68.44% of the total issued share capital of the Company.

It is the intention of the Offeror that the Group will continue to operate its business in substantially its current state. Upon close of the Offers, the Purchasers and/or the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group's long-term development. Subject to the results of the aforesaid review, the Purchasers and/or the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Notwithstanding the above, we noted that no investment or business opportunity has been identified nor has/

LETTER FROM ALTUS CAPITAL

have the Purchasers and/or the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group as at the Latest Practicable Date.

4. The Offer Price

4.1 Offer Price comparison

The Offer Price of HK\$0.23 per Offer Share represents:

- (i) a discount of approximately 41.03% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on 20 July 2021, being the last trading day immediately prior to the publication of the Rule 3.7 Announcement;
- (ii) a premium of approximately 2.22% over the closing price of HK\$0.225 per Share as quoted on the Stock Exchange on 19 July 2021 (the “**Undisturbed Day**”), being the last full trading day immediately before the publication of the Rule 3.7 Announcement and immediately prior to the recording of unusual price and trading volume movements of the Shares on 20 July 2021;
- (iii) a discount of approximately 3.36% to the average closing price of approximately HK\$0.238 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Undisturbed Day;
- (iv) a discount of approximately 8.73% to the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Undisturbed Day;
- (v) a discount of approximately 1.29% to the average closing price of approximately HK\$0.233 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Undisturbed Day;
- (vi) a premium of approximately 29.21% over the average closing price of approximately HK\$0.178 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Undisturbed Day;
- (vii) a discount of approximately 71.25% to the closing price of HK\$0.8 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (viii) a discount of approximately 64.17% to the average closing price of approximately HK\$0.642 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM ALTUS CAPITAL

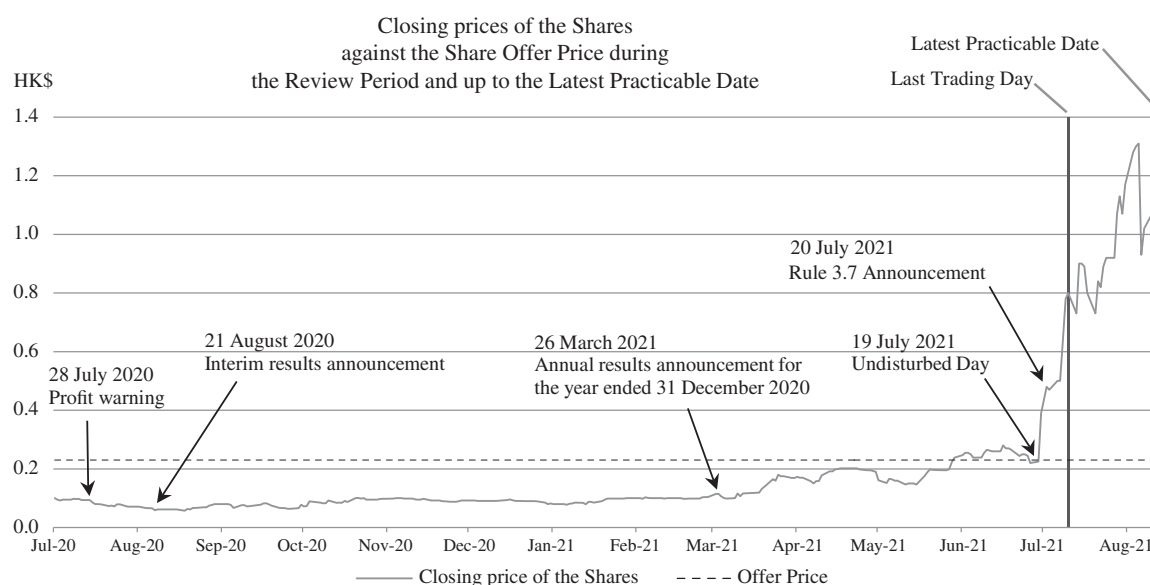
- (ix) a discount of approximately 54.00% to the average closing price of approximately HK\$0.500 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (x) a discount of approximately 31.34% to the average closing price of approximately HK\$0.335 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (xi) a premium of approximately 4.55% over the average closing price of approximately HK\$0.220 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (xii) a discount of approximately 83.45% to the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (xiii) a premium of approximately 147.05% over the audited consolidated net asset value per Share attributable to owners of the Company of approximately RMB0.0777 (equivalent to approximately HK\$0.0931) per Share as at 31 December 2020, based on a total of 1,041,243,169 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value attributable to owners of the Company of approximately RMB80,883,000 as at 31 December 2020; and
- (xiv) a premium of approximately 235.77% over the unaudited consolidated net asset value per Share attributable to owners of the Company of approximately RMB0.0571 (equivalent to approximately HK\$0.0685) per Share as at 30 June 2021, based on a total of 1,041,243,169 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value attributable to owners of the Company of approximately RMB59,475,000 as at 30 June 2021.

LETTER FROM ALTUS CAPITAL

4.2 Analysis of historical Share price movement

In assessing the reasonableness of the Share Offer, we have considered the historical movement of the price of the Shares, as well as the comparison between price of the Shares and the Share Offer Price.

Set out below is a chart showing the movement of the closing prices of the Shares against the Share Offer Price during the period from 21 July 2020, being one year before the last trading day immediately prior to the publication of the Rule 3.7 Announcement, to the Last Trading Day (the “**Review Period**”), and up to the Latest Practicable Date. We are of the view that the price performance of the Shares during the Review Period can sufficiently and fairly reflect the market perception on the Company’s performance, outlook and effects of certain specific events, which may be relevant to our analysis.



Source: The Stock Exchange website (www.hkex.com.hk)

Over the Review Period, the highest and lowest closing price of the Shares were HK\$0.800 per Share on the Last Trading Day and HK\$0.057 per Share on 7 September 2020 respectively. The average closing price of the Shares over the Review Period was approximately HK\$0.133 per Share. The average closing price of the Shares from the commencement of the Review Period to the Undisturbed Day was approximately HK\$0.119 per Share. The Share Offer Price is HK\$0.23 per Offer Share.

LETTER FROM ALTUS CAPITAL

From 21 July 2020 to 25 March 2021

The closing prices of the Shares trended downward to below HK\$0.100 following the profit warning announcement of the Company on 28 July 2020 and further decreased after the issuance of the interim results announcement for the six months ended 30 June 2020 on 21 August 2020. The closing prices of the Shares subsequently recovered to around HK\$0.100 and fluctuated around the same level during the rest of this period.

From 26 March 2021 to the Undisturbed Day (being 19 July 2021)

The closing prices of the Shares experienced an upward trend during this period, following the announcement of the annual results for the year ended 31 December 2020. While the Group's financial results continued to deteriorate, an improved gross profit margin may have contributed to the upward movement.

From 20 July 2021 to the Latest Practicable Date

After 20 July 2021, being the date of issuance of the Rule 3.7 Announcement, the closing prices of the Shares increased significantly to HK\$0.80 per Share on the Last Trading Day, and further to HK\$1.39 as at the Latest Practicable Date.

Section summary

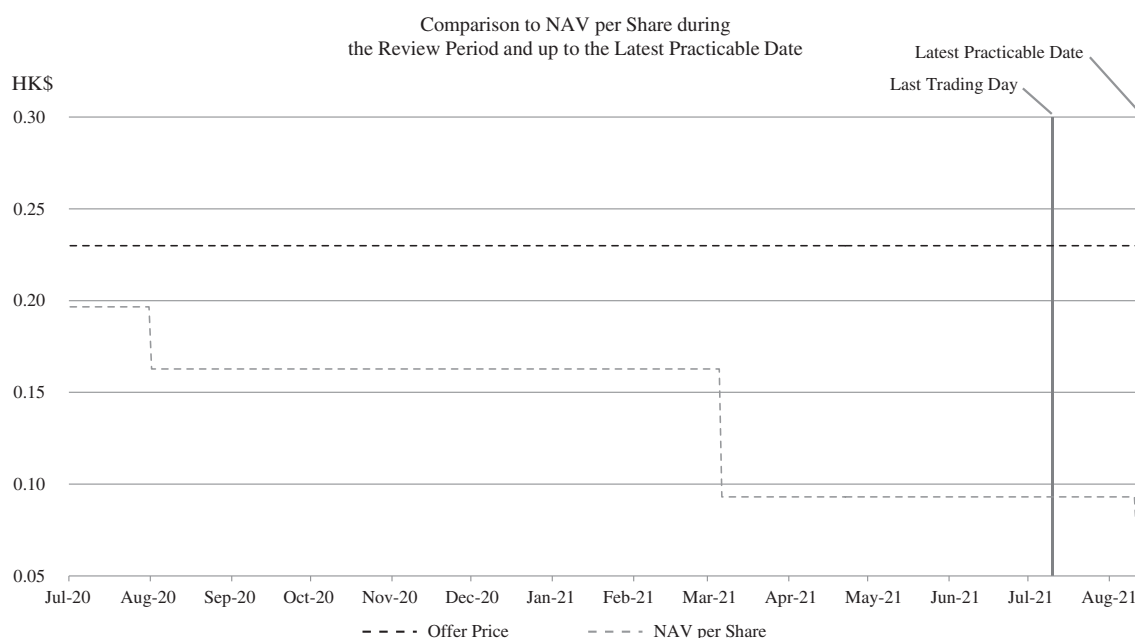
During the Review Period and prior to the issuance of the Rule 3.7 Announcement, the closing prices of the Share had consistently traded at a deep discount to the Share Offer Price with an average of approximately HK\$0.119 per Share. For reference purpose, the average closing prices per Share during the Review Period is approximately HK\$0.133 per Share, representing a discount of approximately 42.2% to the Share Offer Price. Therefore, from the perspective of the historical market trading price performance of the Shares, we are of the view that the Share Offer Price is fair and reasonable.

We note the recent surge in prices of Shares after the issuance of the Rule 3.7 Announcement. We are not aware of any events or factors (such as material improvements in operating performance, financial and trading positions or outlook of the Group) during this period of price surge that would potentially alter the intrinsic value of the Shares and support this price surge. Our analysis on the fairness of the Share Offer Price as contained in this letter and as summarised in the "Recommendation" section is not affected by short term price fluctuations of the Shares which may or may not be sustainable.

LETTER FROM ALTUS CAPITAL

5. Net asset value comparison

The Offer Price represents a premium of approximately 147.05% over the audited consolidated net asset value (“NAV”) per Share attributable to the owners of the Company of approximately RMB0.0777 (equivalent to approximately HK\$0.0931) per Share as at 31 December 2020, based on a total of 1,041,243,169 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value attributable to owners of the Company of approximately RMB80,883,000 as at 31 December 2020. The chart below illustrates the Share Offer Price and prevailing NAV attributable to shareholders of the Company during the Review Period, and up to the Latest Practicable Date.



Source: The Stock Exchange website (www.hkex.com.hk)

Note: The NAV per Share was calculated based on the equity attributable to the owners of the Company as set out in the respective interim or annual results of the Company divided by the total number of Shares then in issue.

As shown in the chart above, the Share Offer Price represents a consistent premium over the NAV per Share during the Review Period and such premium had increased over the period as NAV per Share decreased following continued losses recorded by the Group. Based on the above, we are of the view that from the perspective of NAV per Share comparison, the Share Offer Price is fair and reasonable.

LETTER FROM ALTUS CAPITAL

6. Share price as at the Latest Practicable Date

After 20 July 2021, being the date of issuance of the Rule 3.7 Announcement, and up to the Latest Practicable Date, the closing prices of the Shares had increased significantly. The closing price of the Shares as at the Latest Practicable Date was HK\$1.39 per Share, approximately 6.0 times of the Share Offer Price of HK\$0.23 per Share. As described under the section headed “4.2 Analysis of historical Share price movement” of this letter, we are not aware of any events or factors that would potentially alter the intrinsic value of the Shares and support this price surge.

If the closing price of the Shares is higher than the Share Offer Price during the Offer Period, Independent Shareholders who intend to accept the Share Offer and realise their investment should, to the extent possible, dispose of their Shares on market, in order to capture the higher premium.

Similarly, Optionholders holding vested Share Options who intend to accept the Option Offer can, to the extent possible, exercise their Share Options and dispose of their Shares on market if the market price is above the Share Offer Price during the Offer Period.

7. Historical trading liquidity of the Shares

We have conducted a review on the trading liquidity of the Shares, and set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by the public (i) during the Review Period; and (ii) up to the Latest Practicable Date:

Month	Average daily trading volume (Shares)	Approximate % of average daily trading volume to total issued Shares (Note 1) (%)	Approximate % of average daily trading volume to total number of Shares held by the public as at the Latest Practicable Date (Note 2) (%)
2020			
July and August (starting from 21 July)	277,333	0.03	0.10
September	160,182	0.02	0.06
October	1,345,667	0.13	0.48
November	1,140,952	0.11	0.41
December	226,091	0.02	0.08

LETTER FROM ALTUS CAPITAL

Month	Average daily trading volume	Approximate % of average daily trading volume to total issued Shares	Approximate % of average daily trading volume to total number of Shares held by the public as at the Latest Practicable Date
	(Shares)	(Note 1) (%)	(Note 2) (%)
2021			
January	825,200	0.08	0.29
February	672,333	0.06	0.24
March	405,130	0.04	0.14
April	2,585,158	0.25	0.92
May	393,400	0.04	0.14
June	1,413,619	0.14	0.51
July (up to the Undisturbed Day)	174,833	0.02	0.06
July (after the Undisturbed Day up to the Last Trading Day)	12,251,750	1.18	4.38
Average			
From the start of the Review Period up to the Undisturbed Day	779,244	0.07	0.28
After the Undisturbed Day up to the Latest Practicable Date	6,468,372	0.62	2.31

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. Based on the total number of issued Shares as at each month or period end.
2. Based on the total number of issued Shares as at each month or period end minus the Shares held by (i) the Offeror and parties acting in concert with it; and (ii) the Sellers and parties acting in concert with any of them as at the Latest Practicable Date.

As seen in the table above, the average daily trading liquidity of the Shares was low from the start of the Review Period and up to the Undisturbed Day, ranging from approximately 0.02% to 0.25% of the Group's total issued share capital, and approximately 0.06% to 0.92% of the Shares held by the public. Such liquidity would suggest that any sale of large number of Shares on the market over a short period of time may be difficult without exerting downward pressure on the price of the Shares.

LETTER FROM ALTUS CAPITAL

Subsequent to the Undisturbed Day and up to the Latest Practicable Date, the average daily trading liquidity of the Shares increased to approximately 0.62% of the Group's total issued share capital, equivalent to approximately 2.31% of the Shares held by the public. Having considered past liquidity trend over longer period, we believe such increase in liquidity is likely related to news and occurrence of the Offers, and such high level of trading liquidity may or may not be able to sustain during and/or after the Offer Period.

In light of the low trading liquidity of the Shares from the Review Period up to the Undisturbed Day, which were not affected by the Offers, the Share Offer provides an assured opportunity for the Independent Shareholders to realise their investment in the Company for cash at the fixed Share Offer Price regardless of the number of Shares they hold.

8. Market comparables

For market comparable analysis, we have attempted to identify listed companies on the Stock Exchange engaging in similar business of the Group with a similar scale (the “**Comparable Companies**”). We noted the uniqueness of the Group's business among companies listed on the Stock Exchange, and adopted a more general comparable analysis by selecting the Comparable Companies from those categorised under “Information technology — Software & services — System application & IT consulting” on the Stock Exchange website.

In the selection of the Comparable Companies, our selection criteria focused on the companies that (i) are listed on the Main Board of the Stock Exchange; (ii) have a market capitalisation between HK\$150 million and HK\$500 million; (iii) are categorised under system applications and IT consulting industry on the Stock Exchange's website with over 50% of the latest annual revenue derived from the PRC; and (iv) are not subject to suspension of trading of their shares for over three months as at the Latest Practicable Date.

We note that the Company had recorded net loss for FY2020, rendering price to earnings ratio analysis not applicable. We have hence performed price-to-book ratio and price-to-sales ratio analysis, which are also commonly adopted analyses on listed companies. While price-to-book ratio analysis is more commonly used for comparison of asset intensive companies, we believe this ratio can be useful for the Independent Shareholders as a reference of the extent the Offers are valuing the tangible assets of the Group in the absence of profitability.

LETTER FROM ALTUS CAPITAL

The Comparable Companies below have been selected based on the above criteria and have been identified through our research based on information on the website of the Stock Exchange. We are of the view that it is an exhaustive list.

Company name	Stock code	Description of principal businesses	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	Price-to-book ratio ("P/B Ratio") (Note 2) (times)	Price-to-sales ratio ("P/S Ratio") (Note 3) (times)
China ITS (Holdings) Co., Ltd.	1900	Provision of specialised solutions and services related to infrastructure technology in the railway and electric power sectors	297.7	0.14	0.27
Edensoft Holdings Limited	1147	Provision of integrated information technology solutions and cloud services	224.0	0.98	0.27
Futong Technology Development Holdings Ltd.	0465	Provision of enterprise IT infrastructure products, services and solutions, cloud computing products and intelligent digitalised application products	202.3	0.31	0.27
Vixtel Technologies Holdings Limited	1782	Businesses of (i) integrated application performance management system solutions; (ii) software development services; (iii) technical services; and (iv) sales of embedded hardware and standard application performance management software.	213.4	0.99	2.20
			Maximum	0.99	2.20
			Minimum	0.14	0.27
			Mean	0.60	0.75

LETTER FROM ALTUS CAPITAL

			Implied market capitalisation as at the Latest Practicable Date (Note 4) (HK\$ million)	Implied P/B Ratio (Note 4) (times)	Implied P/S Ratio (Note 4)
The Company	1450	The Group is a China-based video service provider of all-media application solutions to facilitate content production, broadcast and live broadcasting, transmission, system maintenance services, and sales of self-developed products.	239.5	2.26	1.30

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. Calculated based on the closing share price as at the Latest Practicable Date and the number of shares in issue on the latest available monthly return on movements in securities of the respective company.
2. P/B Ratio was calculated based on the respective market capitalisation divided by their respective latest net asset value reported in the respective companies' latest published annual report or annual results announcement.
3. P/S Ratio was calculated based on the respective market capitalisation divided by their respective latest annual revenue based on the respective companies' latest published annual report or annual results announcement.
4. The implied market capitalisation of the Group was calculated based on the Share Offer Price and the number of issued Shares as at the Latest Practicable Date. The implied P/B Ratio of the Group was calculated based on the implied market capitalisation divided by the Group's net asset published in the 2020 Annual Report. The implied P/S Ratio of the Group was calculated based on the implied market capitalisation divided by the Group's revenue for FY2020.

As shown in the table above, the P/B Ratios of the Comparable Companies ranged from approximately 0.14 to 1.01 times. The implied P/B Ratio of the Group based on the Share Offer Price is approximately 2.26 times, which is above such range. The P/S Ratios of the Comparable Companies ranged from approximately 0.27 times to approximately 2.20 times. The implied P/S Ratio of the Group based on the Share Offer Price is approximately 1.30 times, which is within the range of the Comparable Companies and above the mean of 0.75 times.

From the perspective of market comparable analysis, given that the implied P/B Ratio is above the range and the implied P/S Ratio is within the range and above the mean the Comparable Companies, we are of the view that the Share Offer Price is fair and reasonable.

LETTER FROM ALTUS CAPITAL

9. The Option Offer

As at the Latest Practicable Date, there were 60,540,000 outstanding Share Options granted under the Share Option Scheme, among which 53,540,000 Share Options were exercisable and 7,000,000 Share Options have not been vested and are not exercisable. The Share Options have exercise prices ranging from HK\$0.067 to HK\$0.435. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it do not hold any Share Options.

Somerley, on behalf of the Offeror, is making to the Optionholders the Option Offer to cancel all outstanding Share Options (vested and unvested) in accordance with Rule 13 of the Takeovers Code. Under the Option Offer, Somerley, on behalf of the Offeror, will offer the Optionholders the Option Offer Price, which in general should be the “see-through” price (being the Share Offer Price minus the relevant exercise price in the case of the outstanding Share Options) for each outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. As the exercise price of some of the Share Options is above the Share Offer Price, the Option Offer Price for cancellation of each of those Share Options is a nominal amount of HK\$0.001. Set out below are the details of the Share Options:

Share Option exercise price (HK\$)	Option Offer Price (HK\$)	Number of outstanding Share Options as at the Latest Practicable Date (vested and unvested)
0.435	0.001	5,000,000
0.222	0.008	48,540,000
0.067	0.163	7,000,000

Based on the Share Offer Price of HK\$0.23, an aggregate of 55,540,000 Share Options (with exercise prices ranging from HK\$0.067 to 0.222) were offered a see-through price, being the Share Offer Price minus the exercise price of the relevant Share Option (the “**See-through Price Share Options**”) while 5,000,000 Share Options (with exercise price of HK\$0.435) were offered a nominal amount of HK\$0.001 for every Share Option (the “**Nominal Amount Share Options**”).

As the see-through price was based on the Share Offer Price of HK\$0.23, which was offered to all Independent Shareholders, we are of the view that the see-through basis is fair and reasonable. Further, as we consider the Share Offer Price to be fair and reasonable as further elaborated below, the see-through price (which is based on the Share Offer Price) is also considered fair and reasonable. Since the Nominal Amount Share Options have an exercise price higher than the Share Offer Price which we consider to be fair and reasonable, we are of the view that a nominal amount of HK\$0.001 for every Nominal Amount Share Options is fair and reasonable.

LETTER FROM ALTUS CAPITAL

However, we noted that the recent closing price of the Shares had been, and was as at the Latest Practicable Date, above the Share Offer Price. Optionholders of the vested Share Options who intend to accept the Option Offer can, to the extent possible, exercise their Share Options and dispose of their Shares on market if the market price is above the Share Offer Price during the Offer Period.

RECOMMENDATIONS

In summary, in relation to the Offers, we have considered the below factors and reasons in reaching our conclusion and recommendations:

- (i) there remains uncertainty as to a turnaround to the business outlook and operating performance of the Group in the short term;
- (ii) the average closing prices per Share during the Review Period is approximately HK\$0.133 per Share, representing a discount of approximately 42.2% to the Share Offer Price, from the perspective of the historical market trading price performance of the Shares, we are of the view that the Share Offer Price is fair and reasonable;
- (iii) Share Offer Price represents a consistent premium to the NAV per Share during the Review Period and such premium had increased over the period as NAV per Share decreased following continued losses recorded by the Group, we are of the view that from the perspective of the NAV per Share comparison, the Share Offer Price is fair and reasonable, and presents an attractive opportunity for Independent Shareholders to realise their investments;
- (iv) In light of the low trading liquidity of the Shares from the Review Period up to the Undisturbed Day, which were not affected by the Offers, the Share Offer provides an assured opportunity for the Independent Shareholders to realise their investment in the Company for cash at the fixed Share Offer Price regardless of the number of Shares they hold; and
- (v) From the perspective of market comparable analysis, given that the implied P/B Ratio is above the range and the implied P/S Ratio is within the range and above the mean the Comparable Companies, we are of the view that the Share Offer Price is fair and reasonable.

In light of the above, we consider that the terms of the Share Offer are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholder to accept the Share Offer.

For the Option Offer, as the Share Offer Price and see-through basis are considered to be fair and reasonable, the Option Offer is fair and reasonable accordingly. We recommend the Independent Board Committee to advise the Optionholders to accept the Option Offer.

LETTER FROM ALTUS CAPITAL

As the closing price of the Shares was above the Share Offer Price at the Latest Practicable Date, Independent Shareholders who have decided to realise their investments in the Shares can, to the extent possible, dispose of their Shares on market if the market price is above the Share Offer Price during the Offer Period. Similarly, Optionholders holding vested Share Options who intend to accept the Option Offer can, to the extent possible, exercise their Share Options and dispose of their Shares on market if the market price is above the Share Option Price during the Offer Period. Please refer to the section headed “6. Share price as at the Latest Practicable Date” of this letter for further details on the price of the Shares as at the Latest Practicable Date.

As different Independent Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Chang Sean Pey
Executive Director

Leo Tam
Executive Director

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over six years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying **WHITE** form(s) of acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. You should insert the total number of Shares for which the Share Offer is accepted. If no number is inserted in the box title “Number of Share(s) to be transferred” or a number of Shares inserted is greater than the number of Shares held by you or inserted is greater than that represented by the certificate for Shares tendered for acceptance of the Share Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Share Offer. Your Shares sold to the Offeror by way of acceptance of the Share Offer will be registered under the name of the Offeror or its nominee.

By signing and returning the **WHITE** form(s) of acceptance, you warrant to the Offeror, Somerley, the Company and parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers that you have not taken or omitted to take any action which will or may result in the Offeror, the Company, Somerley or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or your acceptance thereof.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** form(s) of acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, in an envelope marked “**Century Sage Scientific Holdings Limited — Share Offer**”, as soon as possible, and, in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own and you wish to accept the Share Offer in full or in part, you must either:

- (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked “**Century Sage Scientific Holdings Limited — Share Offer**” the duly completed and signed **WHITE** form(s) of acceptance together with the relevant share

certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or

- (b) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send in an envelope marked “**Century Sage Scientific Holdings Limited — Share Offer**” the duly completed and signed **WHITE** form(s) of acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
- (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (d) if your Shares have been lodged with your Investor Participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees Limited.

If the number of Share(s) shown in the share certificate is not wholly accepted by you, you shall apply to the Registrar for new share certificate representing such number of shares to be accepted and shown in the **WHITE** form(s) of acceptance.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** form(s) of acceptance should nevertheless be duly completed and signed and delivered in an envelope marked “**Century Sage Scientific Holdings Limited — Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** form(s) of acceptance and deliver it in an envelope marked “**Century Sage Scientific Holdings Limited — Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Somerley and/or Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE** form(s) of acceptance.

An acceptance of the Share Offer may not be counted as valid unless:

- (a) it is received by the Registrar on or before 4:00 p.m. on the Closing Date or such time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the **WHITE** form(s) of acceptance is duly completed and signed and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt (s) and/or other document (s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraphs of this paragraph (b)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** form(s) of acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgment of receipt of any **WHITE** form(s) of acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

To accept the Option Offer, you should complete and sign the accompanying **YELLOW** form(s) of acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer. You should insert the total number of Share Options for which the Option Offer is accepted. If no number is inserted in the box title “Number of Share Option(s) to be cancelled” or a number of Share Options inserted is greater than the number of Share Options than your registered holding of Share Options or those physical Share Options tendered for acceptance of the Option Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Company on or before the latest time for acceptance of the Option Offer.

The duly completed and signed **YELLOW** form(s) of acceptance should be forwarded, together with the relevant certificate(s) of the Share Options (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked “**Century Sage Scientific Holdings Limited — Option Offer**” to the Company as soon as possible and in any event so as to reach the Company by not later than 4:00 p.m. on Tuesday, 28 September 2021, or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **YELLOW** form(s) of acceptance should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your Share Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Share Option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.

No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.

No acknowledgment of receipt of any **YELLOW** form(s) of acceptance and/or certificate(s) of the Share Options (if applicable) will be given.

References to the Offers in this Composite Document and in the form(s) of acceptance shall include any extension and/or revision thereof.

In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the form(s) of acceptance, shall not be construed as any legal or

business advice on the part of any of the Offeror, the Company, Somerley, Independent Financial Adviser, or their respective professional advisers. Optionholders should consult their own professional advisers for professional advice.

3. SETTLEMENT

Share Offer

Provided that a valid **WHITE** form of acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Share Offer less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed acceptances of the Share Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

Option Offer

Provided that a valid **YELLOW** form of acceptance and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Company before the close of the Option Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Optionholders who accepts the Option Offer in respect of the Share Option tendered by him/her/it under the Option Offer will be despatched to the Company for collection by the Optionholder as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Company of the duly completed acceptances of the Option Offer and all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

4. ACCEPTANCE PERIOD AND REVISIONS

The Offers are made on 7 September 2021, being the date of despatch of this Composite Document, and are capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.

In order to be valid for the Offers, the **WHITE** form of acceptance and the **YELLOW** form of acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.

The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as he may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Optionholders who have not accepted the Offers, and an announcement will be released. The revised Offers will be kept open for at least 14 days thereafter.

If the Closing Date of the Offers is extended, any reference in this Composite Document and in the form(s) of acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

5. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired. The announcement will state the following:

- (i) the total number of Shares and Share Options and rights over Shares and Share Options for which acceptances of the Offers have been received;
- (ii) the total number of Shares and Share Options and rights over Shares and Share Options held, controlled or directed by the Offeror before the Offer Period;
- (iii) the total number of Shares and Share Options and rights over Shares and Share Options acquired or agreed to be acquired during the Offer Period by the Offeror; and
- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) in which any member of the Offeror have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of voting rights represented by these numbers of Shares and Share Options.

In computing the total number of Shares and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the Conditions set out in this Appendix, and which have been received by the Registrar (in respect of Share Offer) or the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Listing Rules.

6. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances sent to Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Shareholders at their addresses specified on the relevant Shareholder's **WHITE** form(s) of acceptance. None of the Offeror, the Company, Somerley, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

7. RIGHT OF WITHDRAWAL

Acceptance of the Share Offer and the Option Offer tendered by Independent Shareholders and Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in below.

In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed "5. Announcements" above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, the Offeror shall, at the Independent Shareholders and/or the Optionholders' own risk as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the relevant certificate(s) of the Share Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the **WHITE** form(s) of acceptance to the relevant Independent Shareholder and/or the **YELLOW** form(s) of acceptance to the relevant Optionholders.

8. SHARES/SHARE OPTIONS

Acceptance of the Offers by Independent Shareholders and Optionholders will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares and Share Options acquired under the Offers are sold or tendered by the Independent Shareholders or Optionholders free from all third party rights and together with all rights accruing and attached to them on the date of this Composite Document or subsequently becoming attached to it, including the rights to receive all dividends and distributions declared, made or paid, on or after the date of this Composite Document. The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to and including the Closing Date.

Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto.

9. HONG KONG STAMP DUTY

Hong Kong seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the laws of Hong Kong), will be deducted from the cash amount payable to the Independent Shareholders who accept the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will then arrange for payment of the seller's ad valorem stamp duty on behalf of those Independent Shareholders who accepted the Share Offer. The Offeror will bear buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty will be payable in connection with the Option Offer.

10. GENERAL

- (a) All communications, notices, the form(s) of acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from Shareholders and Optionholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, the Company, Somerley, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents, associates or any other person involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the form(s) of acceptance form part of the terms of the Offers.
- (c) Due execution of the form(s) of acceptance will constitute an irrevocable authority to the Offeror and/or Somerley (or any of their respective ultimate beneficial owners, directors, officers, agents or associates) to complete, and execute any document on behalf of the accepting Independent Shareholder or accepting Optionholder and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Offer Shares or cancelling the Share Options in respect of which such person has accepted the Offers.
- (d) The accidental omission to despatch this Composite Document and/or the form(s) of acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (e) The Offers and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong.

- (f) The settlement of the consideration to which any Independent Shareholder or Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder or Optionholder.
- (g) Any Independent Shareholders or Optionholders accepting the Offers will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (h) In making their decision, Independent Shareholders and Optionholders must rely on their own examination of the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the form(s) of acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Somerley or their respective professional advisers. Shareholders and Optionholders should consult their own professional advisers for professional advice.
- (i) References to the Offers in this Composite Document and in the form(s) of acceptance shall include any extension and/or revision thereof.
- (j) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited financial results of the Group for each of the three years ended 31 December 2020 as extracted from the annual reports for the year ended 31 December 2018, 2019 and 2020, and the unaudited financial results of the Group for the six months ended 30 June 2021 as extracted from the interim results announcement for the six months ended 30 June 2021 published by the Company dated 31 August 2021 (the “**Interim Results Announcement**”) in accordance with the Listing Rule.

	Six months ended 30 June 2021 RMB'000 (Unaudited)	For the year ended 31 December 2020 RMB'000 (Audited)	2019 RMB'000 (Audited)	2018 RMB'000 (Audited)
Revenue	<u>111,048</u>	<u>153,306</u>	<u>191,030</u>	<u>298,704</u>
Loss before income tax	(23,736)	(99,658)	(91,539)	(30,646)
Income tax (expense)/credit	<u>(93)</u>	<u>1,701</u>	<u>2,895</u>	<u>(8,156)</u>
Loss for the year/period	(23,829)	(97,957)	(88,644)	(35,645)
Other comprehensive income/(loss)	<u>(537)</u>	<u>5,968</u>	<u>(2,688)</u>	<u>(2,018)</u>
Total comprehensive loss for the year/period	<u>(24,366)</u>	<u>(91,989)</u>	<u>(91,332)</u>	<u>(37,663)</u>
Loss attributable to:				
— Owners of the Company	(20,916)	(97,531)	(84,325)	(35,449)
— Non-controlling interests	<u>(2,913)</u>	<u>(426)</u>	<u>(4,319)</u>	<u>(196)</u>
	<u>(23,829)</u>	<u>(97,957)</u>	<u>(88,644)</u>	<u>(35,645)</u>
Total comprehensive loss attributable to:				
— Owners of the Company	(21,453)	(91,563)	(87,013)	(37,467)
— Non-controlling interests	<u>(2,913)</u>	<u>(426)</u>	<u>(4,319)</u>	<u>(196)</u>
	<u>(24,366)</u>	<u>(91,989)</u>	<u>(91,332)</u>	<u>(37,663)</u>
Loss per Share (expressed in RMB cents per Share)				
— Basic and diluted	(2.01)	(9.37)	(8.16)	(3.47) ^{Note}
Dividends	Nil	Nil	Nil	Nil
Dividend per Share (expressed in RMB cents per Share)	Nil	Nil	Nil	Nil

Note: Basic and diluted loss per Share derived from continuing operations was RMB3.78 per Share and basic and diluted earnings per Share derived from discontinued operations was RMB0.31 per Share.

Save as disclosed above, there are no other items of income or expense which are material for each of the three years ended 31 December 2020 and the six months ended 30 June 2021.

The consolidated financial statements of the Group for the year ended (i) 31 December 2018 were audited by PricewaterhouseCoopers; (ii) 31 December 2019 were audited by Mazars CPA Limited and LKY China; and (iii) 31 December 2020 were audited by Mazars CPA Limited. No modified or qualified opinion, emphasis of matter or material uncertainty related to going concern had been issued by such auditors of the Group in respect of the Group's audited consolidated financial statements for each of the financial years ended 31 December 2018, 2019 and 2020.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”); (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 (the “**2021 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2018 Financial Statements are set out from pages 62 to 145 in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) which was published on 25 April 2019 on the websites of the Company (<http://www.css-group.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn201904251631.pdf>).

The 2019 Financial Statements are set out from pages 63 to 153 in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) which was published on 28 April 2020 on the websites of the Company (<http://www.css-group.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801961.pdf>).

The 2020 Financial Statements are set out from pages 63 to 157 in the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) which was published on 15 April 2021 on the websites of the Company (<http://www.css-group.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500915.pdf>).

The unaudited consolidated financial information of the Group for the six months ended 30 June 2021 has been set out on pages 2 to 18 of the Interim Results Announcement which was posted on 31 August 2021 on the websites of the Company (<http://www.css-group.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0831/2021083102228.pdf>).

The 2018 Financial Statements, the 2019 Financial Statements, the 2020 Financial Statements and the 2021 Interim Financial Information (but not any other part of the 2018 Annual Report, the 2019 Annual Report, the 2020 Annual Report and the 2021 Interim Results Announcement in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has outstanding indebtedness of approximately RMB191,516,000, details of which are set out below:

RMB'000

Current

Bank borrowings, unsecured and guaranteed	3,363
Bank borrowings, secured and guaranteed	32,500
Bank borrowings, unsecured and unguaranteed	11,805
Bank borrowings, secured and unguaranteed	26,627
Bank overdrafts, unsecured and unguaranteed	5,586
Other borrowings, unsecured and guaranteed	18,000
Other borrowings, unsecured and unguaranteed	8,664
Due to an associate, unsecured and unguaranteed	7,217
Due to a director, unsecured and unguaranteed	5,630
Due to a shareholder, unsecured and unguaranteed	4,011
Loan from third parties, unsecured and unguaranteed	7,000
Interest payables	12,539
Lease liabilities	<u>611</u>
	<u>143,553</u>

Non-current

Other borrowings, secured and unguaranteed	47,660
Lease liabilities	<u>303</u>
	<u>47,963</u>
	<u><u>191,516</u></u>

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, intra-group guarantees, normal trade and other payables and contract liabilities, as at the close of business on 30 June 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Document, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans

or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

4. MATERIAL CHANGE

Save as disclosed below which have been disclosed in the Interim Results Announcement, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date:

- (i) the Group's revenue during the six months ended 30 June 2021 increased by approximately 44.9% in annualised terms as compared to that for the year ended 31 December 2020, or by approximately 109.7% as compared to that for the six months ended 30 June 2020 mainly due to the inclusion of revenue of Beijing Gefei Technology Co., Limited* (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;
- (ii) the Group's gross profit margin during the six months ended 30 June 2021 decreased to approximately 26.0% as compared to approximately 36.4% for the year ended 31 December 2020 and approximately 33.7% for the six months ended 30 June 2020 mainly due to increase in revenue contribution from the application solutions segment, which have a relatively lower profit margin as compared to other segments of the Group;
- (iii) absence of share of loss of associates during the six months ended 30 June 2021 which was primarily due to the improvement in operating results from an associate and reclassification of Beijing Gefei from interests in associates to subsidiary since 31 August 2020; and
- (iv) 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 repayments of borrowings.

1. RESPONSIBILITY STATEMENTS

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last trading day prior to the commencement of the Offer Period, (ii) the last day on which trading took place in each of the calendar months during the Relevant Period, (iii) the Last Trading Day and (iv) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
29 January 2021	0.085
26 February 2021	0.100
31 March 2021	0.107
30 April 2021	0.178
31 May 2021	0.147
30 June 2021	0.265
20 July 2021 (being the last trading day prior to the commencement of the Offer Period)	0.390
30 July 2021 (being the Last Trading Day)	0.800
31 August 2021	1.090
3 September 2021 (being the Latest Practicable Date)	1.390

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.39 per Share on 3 September 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.078 per Share on 26 January 2021.

3. DISCLOSURE OF INTERESTS

Interests of the Offeror and Parties Acting in Concert with it in the Shares

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Offeror and parties acting in concert with it	Capacity	Number of Shares ⁽¹⁾	Approximate interest
The Offeror ^(2, 3 and 10)	Beneficial owner	32,847,169 (L)	3.15%
	Interest in persons acting in concert	884,144,304 (L)	84.91%
Purchaser 1 ^(2, 3 and 10)	Beneficial owner	323,500,334 (L)	31.07%
	Interest in controlled corporation	32,847,169 (L)	3.15%
	Interest in persons acting in concert	560,643,970 (L)	53.84%
Mr. Li Jun ^(3 and 10)	Interest in controlled corporation	356,347,503 (L)	34.22%
	Interest in persons acting in concert	560,643,970 (L)	53.84%
Purchaser 2 ^(4 and 10)	Beneficial owner	303,594,303 (L)	29.16%
	Interest in persons acting in concert	613,397,170 (L)	58.91%
Mr. Lu Jiayao ^(4 and 10)	Interest in controlled corporation	303,594,303 (L)	29.16%
	Interest in persons acting in concert	613,397,170 (L)	58.91%
Purchaser 3 ^(5 and 10)	Beneficial owner	20,738,154 (L)	1.99%
	Interest in persons acting in concert	896,253,319 (L)	86.08%
Ms. Guo Jing ^(5 and 10)	Interest in controlled corporation	20,738,154 (L)	1.99%
	Interest in persons acting in concert	896,253,319 (L)	86.08%

Offeror and parties acting in concert with it	Capacity	Number of Shares ⁽¹⁾	Approximate interest
Hao Dong Trust ^(6 and 10)	Interest in controlled corporation	31,963,687 (L)	3.07%
	Interest in persons acting in concert	885,027,786 (L)	85.00%
Subscriber 1 ^(7, 10 and 11)	Beneficial owner	128,304,348 (L)	12.32%
	Interest in persons acting in concert	788,687,125 (L)	75.74%
Mr. Xiao Xin ^(7, 10 and 11)	Interest in controlled corporation	128,304,348 (L)	12.32%
	Interest in persons acting in concert	788,687,125 (L)	75.74%
Timeness Vision Limited ^(8, 10 and 11)	Interest in controlled corporation	37,391,304 (L)	3.59%
	Interest in persons acting in concert	879,600,169 (L)	84.48%
Mr. Teng Rongsong ^(8, 10 and 11)	Interest in controlled corporation	37,391,304 (L)	3.59%
	Interest in persons acting in concert	879,600,169 (L)	84.48%
Subscriber 3 ^(9, 10 and 11)	Beneficial owner	38,652,174 (L)	3.71%
	Interest in persons acting in concert	878,339,299 (L)	84.35%
Mr. Wu Yongming ^(9, 10 and 11)	Interest in controlled corporation	38,652,174 (L)	3.71%
	Interest in persons acting in concert	878,339,299 (L)	84.35%

Notes:

1. The letter “L” denotes a person’s or a corporation’s long position in the Shares.
2. The Offeror is owned as to 90% by Purchaser 1, 5% by Galaxy Forever Investments Limited, which is in turn wholly owned by Mr. Li Xiang, and 5% by Subscriber 1, which is in turn wholly owned by Mr. Xiao Xin. By virtue of the SFO, Purchaser 1 is deemed to be interested in the Shares in which the Offeror is interested.
3. Purchaser 1 is wholly owned by Mr. Li Jun. By virtue of the SFO, Mr. Li Jun is deemed to be interested in the Shares in which the Offeror and Purchaser 1 are interested.

4. Purchaser 2 is wholly owned by Mr. Lu Jiayao. By virtue of the SFO, Mr. Lu Jiayao is deemed to be interested in the Shares in which Purchaser 2 is interested.
5. Purchaser 3 is wholly owned by Ms. Guo Jing. By virtue of the SFO, Ms. Guo Jing is deemed to be interested in the Shares in which Purchaser 3 is interested.
6. Purchaser 4 is wholly owned by Hao Dong Trust, a trust with Mr. Liao Dong as the beneficiary and Managecorp Limited as the trustee. Managecorp Limited is wholly owned by David Chong. By virtue of the SFO, Hao Dong Trust is deemed to be interested in the Shares in which Purchaser 4 is interested.
7. Subscriber 1 is wholly owned by Mr. Xiao Xin. By virtue of the SFO, Mr. Xiao Xin is deemed to be interested in the underlying Shares in which Subscriber 1 is interested.
8. Subscriber 2 is wholly owned by Mr. Teng Rongsong. By virtue of the SFO, Mr. Teng Rongsong is deemed to be interested in the underlying Shares in which Subscriber 2 is interested.
9. Subscriber 3 is wholly owned by Mr. Wu Yongming. By virtue of the SFO, Mr. Wu Yongming is deemed to be interested in the underlying Shares in which Subscriber 3 is interested.
10. The Offeror, the Purchasers and the Subscribers are parties acting in concert pursuant to the Consortium Agreement. By virtue of the SFO, the Offeror, the Purchasers and the Subscribers are deemed to be interested in the Shares which are interested by each other.
11. On 30 July 2021, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$29,510,000, HK\$8,600,000 and HK\$8,890,000 to Subscriber 1, Subscriber 2 and Subscriber 3, respectively, for a term of three years, which can be converted into 128,304,348, 37,391,304 and 38,652,173 conversion Shares in full at the initial price of HK\$0.23 per conversion Share, respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its directors and parties acting in concert with them had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date:

- (a) save for the Previous Acquisitions, the Acquisition and the Subscription, none of the Offeror, its directors or parties acting in concert with them or Seller 1 had dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (b) save as disclosed in the paragraph headed “Interests of the Offeror and Parties Acting in Concert with it in the Shares” above in this Appendix, the Offeror, its directors and its parties acting in concert did not own, control or have direction over any voting rights in any Shares nor own, control or have direction over any other rights or interests in the issued share capital or voting rights of the Company or rights over the options, derivatives, warrants or other securities convertible into Shares of the Company;
- (c) there were no outstanding derivatives in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by, the Offeror or parties acting in concert with the Offeror;

- (d) save for Seller 1 which provided Irrevocable Undertaking to the Purchasers pursuant to the Sale and Purchase Agreement and held 47,703,522 Shares as at the Latest Practicable Date and the Subscribers Irrevocable Undertaking, the Offeror, its respective ultimate beneficial owners and parties acting in concert with them had not received any irrevocable commitment to accept or reject the Offers;
- (e) save for the Acquisition and the Subscription, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror, or any party acting in concert with it and any other person in relation to the shares of the Offeror or the Shares;
- (f) apart from the Consideration for the Sale Shares, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Sellers or any party acting in concert with the Sellers in connection with the sale and purchase of the Sale Shares;
- (g) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a precondition or a condition to the Offers;
- (h) none of the Offeror and parties acting in concert with it had entered into any arrangement or contract in relation to any outstanding derivative in respect of securities in the Company nor has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (i) other than the arrangements relating to the Acquisition, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any party acting in concert with it on the one hand, and the Sellers and any party acting in concert with them on the other hand;
- (j) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder (other than the Offeror and parties acting in concert with it); and (2)(a) the Offeror and any parties acting in concert with it, or (b) the Company and any subsidiaries or associated companies of the Company;
- (k) the Offeror and parties acting in concert with it had no intention, nor had any of them entered into any agreement, arrangement or understanding to transfer, charge or pledge the Shares acquired in pursuance of the Offers to any other persons;

- (l) save as disclosed in the paragraph headed “Proposed Change to the Board Composition of the Company” in the “Letter from Somerley” in this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any persons acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers; and
- (m) no benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

5. CONSENTS AND QUALIFICATIONS

The following is the name and qualification of the professional adviser whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Somerley	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offers

King & Wood Mallesons the legal adviser as to the PRC law

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or report or advice and/or references to its name in the form and context in which they are respectively included.

6. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the Offeror is owned as to 90% by Purchaser 1, which is in turn owned by Mr. Li Jun, 5% by Galaxy Forever Investments Limited, which is in turn wholly owned by Mr. Li Xiang, and 5% by Subscriber 1, which is in turn wholly owned by Mr. Xiao Xin. The directors of the Offeror are Mr. Li Jun, Mr. Li Xiang and Mr. Xiao Xin. The registered office of the Offeror is situated at Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands. The correspondence address of the Offeror in Hong Kong is Unit 910, 9/F, Tins Enterprises Centre, 777 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (b) The principal members of the Offeror’s concert party group are the Offeror, Purchaser 1, Purchaser 2, Purchaser 3, Purchaser 4, Subscriber 1, Subscriber 2 and Subscriber 3.
- (c) Purchaser 1 is wholly-owned by Mr. Li Jun. The registered office of Purchaser 1 is situated at Start Chambers, Wickham’s Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. The sole director of Purchaser 1 is Mr. Li Jun. The correspondence address of Mr. Li Jun in Hong Kong is Unit 910, 9/F, Tins Enterprises Centre, 777 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong.

- (d) Purchaser 2 is wholly-owned by Mr. Lu Jiayao. The registered office of Purchaser 2 is situated at 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands. The sole director of Purchaser 2 is Mr. Lu Jiayao.
- (e) Purchaser 3 is wholly-owned by Ms. Guo Jing. The registered office of Purchaser 3 is situated at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The sole director of Purchaser 3 is Ms. Guo Jing.
- (f) Purchaser 4 is wholly-owned by Hao Dong Trust, a trust with Mr. Liao Dong as the beneficiary and Managecorp Limited as the trustee. Managecorp Limited is wholly owned by David Chong. The registered office of Purchaser 4 is situated at Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands. The directors of Purchaser 4 are Mr. Liao Dong and Execorp Limited.
- (g) Subscriber 1 is wholly-owned by Mr. Xiao Xin. The registered office of Subscriber 1 is situated at Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. The sole director of Subscriber 1 is Mr. Xiao Xin.
- (h) Subscriber 2 is wholly-owned by Mr. Teng Rongsong. The registered office of Subscriber 2 is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The sole director of Subscriber 2 is Mr. Teng Rongsong. The correspondence address of Subscriber 2 in Hong Kong is situated at Flat 4503, 45/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.
- (i) Subscriber 3 is wholly-owned by Mr. Wu Yongming. The registered office of Subscriber 3 is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The sole director of Subscriber 3 is Mr. Wu Yongming.
- (j) The registered office of Somerley is situated at 20/F, China Building, 29 Queen's Road Central, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) on the websites of the SFC at <http://www.sfc.hk> and the Company at <http://www.css-group.net>; and (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the principal place of business of the Company in Hong Kong at Unit 910, 9/F, Tins Enterprises Centre, 777 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong during the period from the date of this Composite Document up to as long as the Offers remain open for acceptance:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Somerley as set out on pages 8 to 22 of this Composite Document;
- (c) the written consents of the experts as referred to under the paragraph headed "5. Consents and Qualifications" in this Appendix; and
- (d) the deed of irrevocable undertaking dated 30 August 2021 executed by the Subscribers in relation to the Subscribers Irrevocable Undertaking.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than the information relating to the Offeror and parties acting in concert with it) contained in this Composite Document, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL AND OPTIONS

Share Capital

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each. The number of issued and paid-up Shares as at the Latest Practicable Date was 1,041,243,169 Shares.

All the issued Shares are fully paid and rank pari passu in all respects including, in particular, the rights in respect of capital, dividend and voting.

As at the Latest Practicable Date, the Company has not issued any new Shares since 31 December 2020, being the date to which the latest audited financial statements of the Company were made up.

Options

As at the Latest Practicable Date, there were 60,540,000 outstanding Share Options granted under the Share Option Scheme, among which 53,540,000 Share Options were exercisable and 7,000,000 Share Options became vested automatically and are exercisable upon the Offers become unconditional in accordance to the Share Option Scheme. Details of the holders of Options are as follows:

Date of grant	Share Option exercise price HK\$	Number of outstanding Share Options as at the Latest Practicable Date	Exercisable period	Number of underlying Shares
21 August 2017	0.435	5,000,000	Note 1	5,000,000
28 November 2018	0.222	48,540,000	Note 2	48,540,000
10 September 2020	0.067	7,000,000	Note 3	7,000,000

Notes:

1. 50% of the Share 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 beginning on the 4th anniversary of the date of the employment agreement between the respective grantee and the Group.
2. The Share Options can be exercised beginning on the 2nd anniversary of the date of grant.
3. 4,000,000 Share Options can be exercised beginning on the 2nd anniversary of the date of grant. The remaining 3,000,000 Share Options will become exercisable on the 3rd anniversary of the date of grant. Upon the Offers become unconditional, all such Share Options became vested automatically and are exercisable.

Save as disclosed above and the Convertible Bonds to be issued pursuant to the Subscription Agreement, the Company has no other shares, options, warrants, derivatives or any other securities that are convertible or exchangeable into Shares or other types of equity interest as at the Latest Practicable Date.

3. MARKET PRICES

For further information of the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day prior to the commencement of the Offer Period; (ii) the last day on which trading took place in each of the calendar months during the Relevant Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date, please refer to the paragraph headed “Market Prices” in “Appendix III — General Information of the Offeror” to this Composite Document.

4. DISCLOSURE OF INTERESTS AND OTHER ARRANGEMENTS

(a) Directors and the chief executives’ interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives in the Shares, underlying shares or debentures of the Company, including their respective associates (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to

section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”); or (d) required to be disclosed under the Takeovers Code, were as follows:

Name of Director	Capacity	Number of Shares ⁽¹⁾	Number of underlying Shares pursuant to the Share Options ⁽¹⁾	Aggregate interests ⁽¹⁾	Approximate percentage of shareholding
Mr. Lo	Interest in a controlled corporation ⁽²⁾	47,703,522 (L) ⁽²⁾	—	47,703,522 (L)	4.58%
Mr. Li Jinping	Beneficial owner	1,100,000 (L) ⁽³⁾	8,000,000 (L) ⁽³⁾	9,100,000 (L)	0.87%
Mr. Mak Kwok Wing	Beneficial owner	—	1,000,000 (L) ⁽⁴⁾	1,000,000 (L)	0.10%
Mr. Hung Muk Ming	Beneficial owner	—	1,000,000 (L) ⁽⁴⁾	1,000,000 (L)	0.10%
Dr. Ng Chi Yeung, Simon	Beneficial owner	—	1,000,000 (L) ⁽⁴⁾	1,000,000 (L)	0.10%

Notes:

1. The letter “L” denotes a person’s or a corporation’s long position in the Shares.
2. These Shares were held by Seller 1, which was wholly owned by Mr. Lo.
3. These Shares include (i) the share options granted to Mr. Li Jinping to subscribe for 4,000,000 Shares under the Share Option Scheme on 28 November 2018; (ii) the share options granted to Mr. Li Jinping to subscribe for 4,000,000 Shares under the Share Option Scheme on 10 September 2020; and (iii) 100,000 awarded Shares and 1,000,000 awarded Shares under the share award plan adopted by the Company on 24 March 2014 vested to Mr. Li Jinping on 18 May 2019 and 9 November 2020, respectively.
4. These Shares represented the share options to subscribe for 1,000,000 Shares respectively granted to each of Dr. Ng Chi Yeung, Simon, Mr. Hung Muk Ming and Mr. Mak Kwok Wing on 28 November 2018.

As at the Latest Practicable Date, save as disclosed above, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(b) Substantial shareholders' interests and short positions in the Shares, underlying shares and securities of the Company

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and Takeovers Code and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
The Offeror ^(2, 3 and 10)	Beneficial owner	32,847,169 (L)	3.15%
	Interest in persons acting in concert	884,144,304 (L)	84.91%
Purchaser 1 ^(2, 3 and 10)	Beneficial owner	323,500,334 (L)	31.07%
	Interest in controlled corporation	32,847,169 (L)	3.15%
	Interest in persons acting in concert	560,643,970 (L)	53.84%
Mr. Li Jun ^(3 and 10)	Interest in controlled corporation	356,347,503 (L)	34.22%
	Interest in persons acting in concert	560,643,970 (L)	53.84%
Purchaser 2 ^(4 and 10)	Beneficial owner	303,594,303 (L)	29.16%
	Interest in persons acting in concert	613,397,170 (L)	58.91%
Mr. Lu Jiayao ^(4 and 10)	Interest in controlled corporation	303,594,303 (L)	29.16%
	Interest in persons acting in concert	613,397,170 (L)	58.91%
Purchaser 3 ^(5 and 10)	Beneficial owner	20,738,154 (L)	1.99%
	Interest in persons acting in concert	896,253,319 (L)	86.08%
Ms. Guo Jing ^(5 and 10)	Interest in controlled corporation	20,738,154 (L)	1.99%
	Interest in persons acting in concert	896,253,319 (L)	86.08%
Hao Dong Trust ^(6 and 10)	Interest in controlled corporation	31,963,687 (L)	3.07%
	Interest in persons acting in concert	885,027,786 (L)	85.00%
Subscriber 1 ^(7, 10 and 11)	Beneficial owner	128,304,348 (L)	12.32%
	Interest in persons acting in concert	788,687,125 (L)	75.74%
Mr. Xiao Xin ^(7, 10 and 11)	Interest in controlled corporation	128,304,348 (L)	12.32%
	Interest in persons acting in concert	788,687,125 (L)	75.74%
Timeness Vision Limited ^(8, 10 and 11)	Interest in controlled corporation	37,391,304 (L)	3.59%
	Interest in persons acting in concert	879,600,169 (L)	84.48%

Name of substantial shareholder	Capacity	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Mr. Teng Rongsong (8, 10 and 11)	Interest in controlled corporation	37,391,304 (L)	3.59%
	Interest in persons acting in concert	879,600,169 (L)	84.48%
Subscriber 3 (9, 10 and 11)	Beneficial owner	38,652,174 (L)	3.71%
	Interest in persons acting in concert	878,339,299 (L)	84.35%
Mr. Wu Yongming (9, 10 and 11)	Interest in controlled corporation	38,652,174 (L)	3.71%
	Interest in persons acting in concert	878,339,299 (L)	84.35%

Notes:

1. The letter “L” denotes a person’s or a corporation’s long position in the Shares.
2. The Offeror is owned as to 90% by Purchaser 1, which is in turn owned by Mr. Li Jun, 5% by Galaxy Forever Investments Limited, which is in turn wholly owned by Mr. Li Xiang, and 5% by Subscriber 1, which is in turn wholly owned by Mr. Xiao Xin. By virtue of the SFO, Purchaser 1 is deemed to be interested in the Shares in which the Offeror is interested.
3. Purchaser 1 is wholly owned by Mr. Li Jun. By virtue of the SFO, Mr. Li Jun is deemed to be interested in the Shares in which the Offeror and Purchaser 1 are interested.
4. Purchaser 2 is wholly owned by Mr. Lu Jiayao. By virtue of the SFO, Mr. Lu Jiayao is deemed to be interested in the Shares in which Purchaser 2 is interested.
5. Purchaser 3 is wholly owned by Ms. Guo Jing. By virtue of the SFO, Ms. Guo Jing is deemed to be interested in the Shares in which Purchaser 3 is interested.
6. Purchaser 4 is wholly owned by Hao Dong Trust, a trust with Mr. Liao Dong as the beneficiary and Managecorp Limited as the trustee. Managecorp Limited is wholly owned by David Chong. By virtue of the SFO, Hao Dong Trust is deemed to be interested in the Shares in which Purchaser 4 is interested.
7. Subscriber 1 is wholly owned by Mr. Xiao Xin. By virtue of the SFO, Mr. Xiao Xin is deemed to be interested in the underlying Shares in which Subscriber 1 is interested.
8. Subscriber 2 is wholly owned by Mr. Teng Rongsong. By virtue of the SFO, Mr. Teng Rongsong is deemed to be interested in the underlying Shares in which Subscriber 2 is interested.
9. Subscriber 3 is wholly owned by Mr. Wu Yongming. By virtue of the SFO, Mr. Wu Yongming is deemed to be interested in the underlying Shares in which Subscriber 3 is interested.
10. The Offeror, the Purchasers and the Subscribers are parties acting in concert pursuant to the Consortium Agreement. By virtue of the SFO, the Offeror, the Purchasers and the Subscribers are deemed to be interested in the Shares which are interested by each other.
11. On 30 July 2021, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$29,510,000, HK\$8,600,000 and HK\$8,890,000 to Subscriber 1,

Subscriber 2 and Subscriber 3, respectively, for a term of three years, which can be converted into 128,304,348, 37,391,304 and 38,652,173 conversion Shares in full at the initial price of HK\$0.23 per conversion Share, respectively.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no person had an interest or a short position in the shares or the underlying shares of the Company recorded in the register required to be kept by the Company under section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or any options in respect of such share capital.

(c) Interests in the Offeror

None of the Company and the Directors owned, controlled or was interested in shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror as at the Latest Practicable Date and had dealt for value in any shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period.

(d) Additional disclosure of interests in the Company and arrangements in connection with the Offers

As at the Latest Practicable Date:

- (i) save for (a) the Sale and Purchase Agreement entered into among the Sellers and the Purchasers; and (b) the 17,801,047 Shares sold by Mr. Geng Liang to the Offeror as set out below, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period:

Date of agreement	Name of Director	Nature of dealings	Number of Shares	Price per Share
18 July 2021	Geng Liang	Sale of Shares	17,801,047 Shares	HK\$0.23 per Share

- (ii) save as disclosed in the paragraph 4(a) above, the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iii) the intentions of the Directors in respect of their own beneficial shareholdings in the Company are as followings:
- (a) pursuant to the Irrevocable Undertaking, Mr. Lo has undertaken not to accept the Share Offer in respect of 47,703,522 Shares held by Seller 1 (representing approximately 4.58% of the existing issued share capital of the Company as at the Latest Practicable Date);

- (b) Mr. Li Jinping has indicated his intention to reject the Share Offer in respect of 1,100,000 Shares held by him (representing approximately 0.11% of the total issued Shares as at the Latest Practicable Date), and reject the Option Offer in respect of 8,000,000 Share Options exercisable into 8,000,000 Shares held by him (representing approximately 0.77% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Share Offer or the Option Offer;
- (c) Mr. Mak Kwok Wing has indicated his intention to reject the Option Offer in respect of 1,000,000 Share Options exercisable into 1,000,000 Shares held by him (representing approximately 0.10% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer;
- (d) Mr. Hung Muk Ming has indicated his intention to reject the Option Offer in respect of 1,000,000 Share Options exercisable into 1,000,000 Shares held by him (representing approximately 0.10% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer; and
- (e) Dr. Ng Chi Yeung, Simon has indicated his intention to reject the Option Offer in respect of 1,000,000 Share Options exercisable into 1,000,000 Shares held by him (representing approximately 0.10% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer.

Save as disclosed above, no other Directors hold any Shares.

- (iv) none of the subsidiaries of the Company, pension fund of the Company or its subsidiaries, or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (v) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;

- (vi) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with Company;
- (vii) no fund manager (other than exempt fund managers) connected with the Company, who manages funds on a discretionary basis, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (viii) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares as at the Latest Practicable Date and during the Relevant Period; and
- (ix) there was no understanding, arrangement, agreement or special deal between any Shareholder on one hand and the Company, its subsidiaries or associated companies on the other hand.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any members of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group within the two years preceding the commencement of the Offer Period and up to the Latest Practicable Date and were or might be material:

- (a) a supplemental agreement dated 8 July 2020 entered into among Evertop Technology (Int'l) Limited (a subsidiary of the Company and as seller), Wanda Sports Co., Ltd* (萬達體育有限公司) (as purchaser) and Beijing Evertop Sports Culture Media Co., Ltd.* (北京永達天恒體育文化傳媒有限公司) (the target company) (“**Beijing Evertop**”) in amending profit guarantee period from the three years ended 31 December 2020 to the two years ended 31 December 2019 together with the year ended 31 December 2021 of the equity transfer agreement dated 9 November 2018 in relation to the disposal of 55% equity interest in Beijing Evertop at the consideration of RMB42.9 million;
- (b) an agreement dated 31 August 2020 entered into between Cogent (Beijing) Technology Company Limited* (高駿(北京)科技有限公司) (a subsidiary of the Company) (“**Cogent (Beijing)**”) and Beijing Yutai Investment Co., Limited* (北京裕泰投資有限公司) (“**Yutai**”) pursuant to which Yutai agreed to irrevocably appoint Cogent (Beijing) to exercise all of Yutai’s rights to vote at the general meetings of Beijing Gefei at nil consideration; and
- (c) the Subscription Agreement.

7. QUALIFICATIONS AND CONSENT OF EXPERT

The following are the name and qualifications of the expert who had been engaged by the Company and who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document:

Name	Qualification
Altus Capital	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Altus Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and/or references to its name, in the form and context in which they are included.

8. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

9. MISCELLANEOUS

- (a) As at the Latest Practicable Date, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offers or is otherwise connected with the Offers.
- (c) As at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror and parties acting in concert with it in which any Director has a material personal interest.
- (d) The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Unit 910, 9/F, Tins Enterprises Centre, 777 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong.

- (f) The Company's branch share registrar in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) The principal business address of Altus Capital is 21 Wing Wo Street, Central, Hong Kong.
- (h) The English texts of this Composite Document and the form(s) of acceptance shall prevail over the Chinese texts, in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) on the websites of the SFC at <http://www.sfc.hk> and the Company at <http://www.css-group.net>; and (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the principal place of business of the Company in Hong Kong at Unit 910, 9/F, Tins Enterprises Centre, 777 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong during the period from the date of this Composite Document up to as long as the Offers remain open for acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2019 and 2020 respectively and the interim results announcement of the Group for the six months ended 30 June 2021;
- (c) the letter from the Board, the text of which is set out on pages 23 to 31 in this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 32 to 33 in this Composite Document;
- (e) the letter from Altus Capital, the text of which is set out on pages 34 to 56 in this Composite Document;
- (f) the material contracts referred to under the paragraph headed "6. Material contracts" in this Appendix;
- (g) the written consent referred to under the paragraph headed "7. Qualifications and consent of expert" in this Appendix;
- (h) the Sale and Purchase Agreement containing the Irrevocable Undertaking; and
- (i) this Composite Document and the accompanying form(s) of acceptance.