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Century Sage Scientific Holdings Limited

世紀睿科控股有限公司

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

(Stock Code: 1450)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 55% EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that, after trading hours on 29 April 2022, the Subsidiary, the Purchaser and the Target Company entered into the Agreement in relation to the Disposal, pursuant to which the Subsidiary has agreed to sell, and the Purchaser has agreed to purchase the Target Shares at a consideration of RMB10,639,409. As at the date of the Agreement, the Company indirectly owns 55% of the equity interest in the Target Company, which is a non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As certain of the relevant applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

As the Purchaser is interested as to 35% of the equity interest in the Target Company and is a director of the Target Company, the Purchaser is considered as a connected person of the Company at the subsidiary level, and thus the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as:

1. the Board has approved the Disposal and the transactions contemplated thereunder; and
2. the independent non-executive Directors of the Company have confirmed that the terms of the Disposal and the transactions contemplated thereunder are fair and reasonable, the transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole;

the Disposal and the transactions contemplated thereunder is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE AGREEMENT

The Board is pleased to announce that, after trading hours on 29 April 2022, the Subsidiary, the Purchaser and the Target Company entered into the Agreement in relation to the Disposal, pursuant to which the Subsidiary has agreed to sell, and the Purchaser has agreed to purchase the Target Shares at a consideration of RMB10,639,409. As at the date of the Agreement, the Company indirectly owns 55% of the equity interest in the Target Company, which is a non-wholly owned subsidiary of the Company.

Major terms of the Agreement are set out below:

Date

29 April 2022 (after trading hours of the Stock Exchange)

Parties

- (1) The Subsidiary
- (2) The Purchaser
- (3) The Target Company

Assets to be disposed of

Pursuant to the Agreement, the Subsidiary will dispose of the Target Shares to the Purchaser.

Consideration

As at the date of this announcement, each of CSS (Beijing) and TST (Beijing) (collectively, the "**Related Party(ies)**"), each being an associated company of the Subsidiary, owes RMB4,927,674 and RMB1,109,999, totaling RMB6,037,673, to the Target Company respectively.

Pursuant to the Agreement, the Consideration is RMB10,639,409, which comprises of the following:

- (a) RMB6,037,673, being the total amount due to the Target Company by the Related Parties, which shall be set-off in full upon signing of the Agreement;
- (b) RMB1,000,000 in cash shall be paid by the Purchaser to the Subsidiary within 30 days upon signing of the Agreement; and

- (c) RMB3,601,736 (the “**Second Payment**”) in cash shall be paid by the Purchaser to the Subsidiary within five years upon signing of the Agreement. If the Purchaser fails to make the Second Payment in full on time, the Subsidiary shall be entitled to demand the Purchaser to transfer 19% of the equity interest in the Target Company to the Subsidiary within 30 days after serving written notice. Such transfer shall be registered with the relevant industrial and commercial authority(ies) in the PRC.

Basis of the Consideration

The Consideration was determined based on normal commercial terms and after arm’s length negotiations between the Subsidiary and the Purchaser after taking into account (i) the net asset value of the Target Company of approximately RMB11.5 million as at 31 December 2021, of which approximately RMB6.3 million is attributable to the Target Shares; and (ii) the reasons and benefits of the Disposal as described under the paragraph headed “Reasons and Benefits of the Disposal” below.

After taking into account the above factors, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable.

Completion

Completion shall take place upon completion of the registration of the Disposal with the relevant industrial and commercial authority(ies) in the PRC within 30 days upon signing of the Agreement.

INFORMATION OF THE PURCHASER

The Purchaser is a PRC citizen and is interested as to 35% of the equity interest in the Target Company and is a director of the Target Company as at the date of this announcement. As such, the Purchaser is considered as a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules.

INFORMATION OF THE TARGET COMPANY AND THE GROUP

The Target Company is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of products and technology services to internet protocol television (IPTV) and over-the-top (OTT) video service operators in the PRC.

As at the date of this announcement, the Target Company is owned as to 55%, 35% and 10% by the Subsidiary, the Purchaser and Beijing Innovation, respectively.

The Group is principally engaged in the provision of (i) application solutions, (ii) system maintenance services, (iii) sales of self-developed products and (iv) new media services for the all-media industry in the PRC.

Financial information of the Target Company

According to the audited consolidated financial statement of the Company, the total asset value and net asset value of the Target Company was approximately RMB19.4 million and RMB11.5 million as at 31 December 2021, respectively. The net losses of the Target

Company before and after taxation for the year ended 31 December 2020 were approximately RMB5.2 million and RMB5.2 million, respectively. The net losses of the Target Company before and after taxation for the year ended 31 December 2021 were approximately RMB5.6 million and RMB5.8 million, respectively.

FINANCIAL IMPACT OF THE DISPOSAL

Based on the Consideration payable by the Purchaser, it is estimated that the Company will recognise a profit of approximately RMB4.29 million from the Disposal (before tax and expenses and subject to audit), which is calculated by reference to the difference between the Consideration and 55% of the net asset value of the Target Company as at 31 December 2021.

Shareholders and potential investors of the Company should note that the above figures are for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company on the date of Completion and the actual amount of expenses incidental to the Disposal.

Upon Completion, the Target Company will be held by the Purchaser and Beijing Innovation as to 90% and 10% respectively, and the Company will no longer hold any interest in the Target Company. The Target Company will cease to be a subsidiary of the Company and it will no longer be consolidated into the financial statements of the Group.

It is expected that the proceeds from the Disposal will be used as general working capital of the Group.

REASONS AND BENEFITS OF THE DISPOSAL

The Group has always been committed to providing services of systematic application solutions to broadcasters, government agencies and new media platforms by virtue of its superior video live streaming technology. The Board conducts strategic reviews on the market opportunities and the internal environment from time to time so as to bring maximum returns to the Shareholders. As such, the Directors believe that the Disposal will neither change the direction of strategic development of the Group nor affect the business development of the Group among the application solutions area. Besides, the Disposal may improve the cash flow of the Group and enable the Group to concentrate its resources on more market-competitive operational mode of government affairs, new media, and business services.

The Target Company is principally engaged in the provision of products and technology services to internet protocol television (IPTV) and over-the-top (OTT) video service operators in the PRC. Due to the on-going epidemic of COVID-19 which has substantially affected the business module of the Target Company, the Target Company had reported losses for the two years ended 31 December 2021 and it is estimated that it may continue to report losses in the future under severe challenges to the business development and financial performance. Meanwhile, pursuant to the Agreement, the total amount due to the Target Company by the Related Parties shall be set-off in full, which will to some extent mitigate

the short-term financial pressure of the Related Parties. Upon completion of the Disposal, the Group will no longer hold any equity interest in the Target Company and the Target Company will no longer be consolidated into the financial statements of the Group.

Based on the factors mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms, including the Consideration, of the Agreement are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As certain of the relevant applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

As the Purchaser is interested as to 35% of the equity interest in the Target Company and is a director of the Target Company, the Purchaser is considered as a connected person of the Company at the subsidiary level, and thus the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as:

1. the Board has approved the Disposal and the transactions contemplated thereunder; and
2. the independent non-executive Directors of the Company have confirmed that the terms of the Disposal and the transactions contemplated thereunder are fair and reasonable, the transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole;

the Disposal and the transactions contemplated thereunder is subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors is considered to have a material interest in the Disposal and therefore none of the Directors was required to abstain from voting on the Board resolutions approving the Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement” the equity transfer agreement dated 29 April 2022 entered into among the Subsidiary, the Purchaser and the Target Company in relation to the Disposal, the major terms of which are set out in the section headed “The Agreement” in this announcement

“Beijing Innovation”	Beijing Juzhi Innovation Cloud Technology R&D Center LLP* (北京聚智創新雲技術研發中心(有限合夥)), a limited partnership established in the PRC and is owned by the Purchaser as to approximately 26.80%, and the remaining approximately 73.20% of equity interest is held by 14 Independent Third Parties as at the date of this announcement
“Board”	the board of Directors
“Company”	Century Sage Scientific Holdings Limited (世紀睿科控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms and conditions under the Agreement
“Consideration”	the consideration for the Disposal, being RMB10,639,409
“COVID-19”	a novel coronavirus disease 2019
“CSS (Beijing)”	Beijing Century Sage Scientific System and Technology Company Limited* (北京世紀睿科系統技術有限公司), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Shares by the Subsidiary pursuant to the terms and conditions under the Agreement
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Mr. Wang Zhilong* (王治龍), a PRC citizen and the purchaser of the Target Shares, and is interested as to 35% of the equity interest in the Target Company and is a director of the Target Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Cogent (Beijing) Technology Company Limited* (高駿(北京)科技有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Target Company”	Beijing BroadVision Information Technology Company Limited* (北京經緯中天信息技術有限公司), a limited liability company established in the PRC and is owned by the Subsidiary, the Purchaser and Beijing Innovation as to 55%, 35% and 10% as at the date of this announcement
“Target Shares”	55% equity interest in the Target Company
“TST (Beijing)”	Times Sage (Beijing) Technology Limited* (時代華睿(北京)科技有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 29 April 2022

As at the date of this announcement, the executive Directors are Mr. Lo Chi Sum, Mr. Li Jun, Mr. Li Jinping and Ms. Zhao Hui Li; and the independent non-executive Directors are Mr. Cui Xiao Bo, Mr. Ma Zhan Kai and Dr. Yu Guo Jie.

* *For identification purposes only*