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## Century Sage Scientific Holdings Limited

### 世紀睿科控股有限公司

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

(Stock Code: 1450)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Century Sage Scientific Holdings Limited (the “**Company**”) herewith presented the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Interim Period**”), together with the comparative figures for the six months ended 30 June 2021 (the “**Corresponding Period**”). The unaudited condensed consolidated interim results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

### KEY HIGHLIGHTS

#### Financial Summary

	For the six months ended 30 June		Year-over- year change increase/ (decrease) (%)
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	
<b>Revenue</b>	<b>137,153</b>	111,048	23.5%
<i>Application solutions</i>	<b>61,753</b>	76,207	(19.0)%
<i>New media services</i>	<b>52,886</b>	7,736	583.6%
<i>Sales of self-developed products</i>	<b>16,301</b>	23,260	(29.9)%
<i>System maintenance services</i>	<b>6,213</b>	3,845	61.6%
<b>Gross profit</b>	<b>54,873</b>	28,852	90.2%
<i>Application solutions</i>	<b>13,340</b>	8,669	53.9%
<i>New media services</i>	<b>29,377</b>	4,699	525.2%
<i>Sales of self-developed products</i>	<b>10,344</b>	14,677	(29.5)%
<i>System maintenance services</i>	<b>1,812</b>	807	124.5%
<b>Loss for the period</b>	<b>(29,995)</b>	(23,829)	25.9%
<b>Non-HKFRS Measures:</b>			
<b>Adjusted net profit/(loss)*</b>	<b>4,986</b>	(23,725)	121.0%

\* For details of the adjusted net profit/(loss) calculated by non-HKFRS measures, please refer to the paragraph headed “Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures” in this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Although confronted with a complex and uncertain external environment, the Group has accelerated its business development, increased its marketing channels, focused on the construction of talent ladder and improved its performance significantly. During the Interim Period, due to an increase in share based payment expenses, fair value losses of certain financial assets and amortization of deferred day-one loss of convertible bonds, the Group recorded a net loss of approximately RMB30.0 million for the Interim Period, which represented an increase from the net loss of approximately RMB23.8 million for the Corresponding Period. However, if the effect of such items mentioned above are eliminated, the Group recorded a non-HKFRS adjusted net profit of approximately RMB5.0 million for the Interim Period as compared to a non-HKFRS adjusted net loss of approximately RMB23.7 million during the Corresponding Period. For details of the adjusted net profit/(loss) calculated by non-HKFRS measures, please refer to the paragraph headed “Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures” in this announcement.

The gross profit and the gross profit margin of the Group was approximately RMB54.9 million and 40.0% for the Interim Period, increased from approximately RMB28.9 million and 26.0% for the Corresponding Period respectively. Except for the sales of self-developed products segment, the gross profit of the other three segments, including the application solutions segment, the new media services segment and the system maintenance services segment, all increased obviously during the Interim Period.

During the Interim Period, while revenue of application solutions segment and sales of self-developed products segment were declined as affected by the lockdown measures of several cities due to the resurgence of COVID-19 in the mainland China, the steady growth of the system maintenance services segment and rapid growth of the new media services segment led to an overall increase in the total revenue of the Group. The total revenue of the Group for the Interim Period was approximately RMB137.2 million, representing an increase of approximately 23.5% from approximately RMB111.0 million for the Corresponding Period, which demonstrated an overall steady revenue growth of the Group.

During the Interim Period, amid the localisation trend in the mainland China, the Group has accelerated its footprints on certain representative projects among the industry in the mainland China and the cooperation with several well-known companies (such as China Media Group and China Mobile), which demonstrated the leading technology capability of the Group to provide live-streaming services for major projects with positive market responses. In addition, to fully utilize the video technical services capability of the Group in the all-media industry, the Company has established strategic cooperation

partnership with Terminus Technology Group Co., Limited\* (特斯聯科技集團有限公司). Such strategic cooperation has promoted synergy, resource sharing and mutual benefit of both parties in the big video industry as well as collaboration to enhance the comprehensive service capability of video cloud services and intelligent video solutions so as to achieve a win-win situation. Meanwhile, the Group optimized the relevant business system and strategically focused on the expansion of new media services business to ensure the Group remains on track with the business operation and long-term objectives. During the Interim Period, the Group introduced several marketing and management experts in the area of new media services, reached cooperation with several reputable companies and which all demonstrate the recognition of the Group's brand and service capacity in the new media services market, and form a good bedrock for the Group to further develop its new media services business. Furthermore, during the Interim Period, Hangzhou Century Sage Information Technology Co., Ltd. \* (杭州世紀睿科信息技術有限公司) (“**Hangzhou Century Sage**”), a subsidiary of the Company, has obtained the qualification of Juliang Qianchuan Service Provider (巨量千川服務商). Since then, the Group has achieved the capability to provide comprehensive new media marketing services business on the Douyin platform. The Group is now capable of providing one-stop quality products and services to target customers on the Douyin platform, further enhancing the Group's services capability in the new media services business.

## Financial Review

### Revenue

For the six months ended 30 June 2022 and 2021, the revenue of the Group was approximately RMB137.2 million and RMB111.0 million respectively, representing an increase of approximately 23.5%. The table below sets out the Group's segment revenue for the six months ended 30 June 2022 and 2021 respectively:

	For the six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
	(Unaudited)	revenue	(Unaudited)	revenue
<b>Segment revenue</b>				
Application solutions	<b>61,753</b>	<b>45.0%</b>	76,207	68.6%
New media services	<b>52,886</b>	<b>38.6%</b>	7,736	7.0%
Sales of self-developed products	<b>16,301</b>	<b>11.9%</b>	23,260	20.9%
System maintenance services	<b>6,213</b>	<b>4.5%</b>	3,845	3.5%
Total	<b>137,153</b>	<b>100.0%</b>	111,048	100.0%

### *Application solutions*

Due to the resurgence of COVID-19 in the mainland China during the Interim Period, the delivery and integration of our application solution projects were postponed due to the lockdown measures of several cities. Revenue generated from the Group's application solutions segment decreased from approximately RMB76.2 million for the Corresponding Period to approximately RMB61.8 million for the Interim Period, representing a decrease of approximately 19.0%. Such revenue represented approximately 45.0% and 68.6% of the total revenue of the Group for the Interim Period and the Corresponding Period, respectively.

### *New media services*

The Group continues to cultivate new media services and live-streaming e-commerce business by taking advantages of its superior video live-streaming media technology. Meanwhile, the successful cooperation with several reputable new media companies had further enhanced the Group's brand influence and performance capacity. As a result, revenue of the new media services segment for the Interim Period, the year ended 31 December 2021 and the Corresponding Period was approximately RMB52.9 million, RMB22.0 million and RMB7.7 million respectively, representing approximately 38.6%, 10.8% and 7.0% of the total revenue of the Group respectively, realizing a continuous and rapid development.

### *Sales of self-developed products*

Due to the decline in part of the live-streaming of offline events under COVID-19, revenue generated from the sales of self-developed products segment decreased from approximately RMB23.3 million for the Corresponding Period to approximately RMB16.3 million for the Interim Period, representing a decrease of approximately 29.9%. Such revenue represented approximately 11.9% and 20.9% of the total revenue of the Group for the Interim Period and the Corresponding Period, respectively.

### *System maintenance services*

Due to the improvement of the performance capability of the Group during the Interim Period, revenue generated from the system maintenance services segment increased from approximately RMB3.8 million for the Corresponding Period to approximately RMB6.2 million for the Interim Period, representing an increase of approximately 61.6%. Such revenue represented approximately 4.5% and 3.5% of the total revenue of the Group for the Interim Period and the Corresponding Period, respectively.

## *Cost of sales*

For the six months ended 30 June 2022 and 2021, the Group's cost of sales was approximately RMB82.3 million and RMB82.2 million respectively, representing an increase of approximately 0.1%. The following table sets forth the cost of sales for each segment for the six months ended 30 June 2022 and 2021 respectively:

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
	<b>(Unaudited)</b>	<b>cost</b>	<b>(Unaudited)</b>	<b>cost</b>
<b>Segment cost of sales</b>				
Application solutions	<b>48,413</b>	<b>58.8%</b>	67,538	82.2%
New media services	<b>23,509</b>	<b>28.6%</b>	3,037	3.7%
Sales of self-developed products	<b>5,957</b>	<b>7.2%</b>	8,583	10.4%
System maintenance services	<b>4,401</b>	<b>5.4%</b>	3,038	3.7%
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Total	<b>82,280</b>	<b>100.0%</b>	82,196	100.0%
	<hr/>	<hr/>	<hr/>	<hr/>

### *Application solutions*

The Group's cost of sales for the application solutions segment decreased from approximately RMB67.5 million for the Corresponding Period to approximately RMB48.4 million for the Interim Period, representing a decrease of approximately 28.3%, which was primarily due to the decrease in revenue of the application solutions segment.

### *New media services*

The cost of sales for the new media services segment increased from approximately RMB3.0 million for the Corresponding Period to approximately RMB23.5 million for the Interim Period, representing an increase of approximately RMB20.5 million, which was primarily due to the increase in revenue of the new media services segment during the Interim Period.

### *Sales of self-developed products*

The cost of sales for the sales of self-developed products segment decreased from approximately RMB8.6 million for the Corresponding Period to approximately RMB6.0 million for the Interim Period, representing a decrease of approximately 30.6%, which was primarily due to the proportional decrease in revenue of the sales of self-developed products segment.

### *System maintenance services*

The cost of sales for the system maintenance services segment increased from approximately RMB3.0 million for the Corresponding Period to approximately RMB4.4 million for the Interim Period, representing an increase of approximately 44.9%, which was primarily due to the increase in revenue of the system maintenance services segment.

### ***Gross profit and gross profit margin***

For the six months ended 30 June 2022 and 2021, the Group's gross profit was approximately RMB54.9 million and RMB28.9 million respectively, representing an increase of approximately 90.2%. The Group's gross profit margin improved from approximately 26.0% for the Corresponding Period to approximately 40.0% for the Interim Period. The following table sets forth the gross profit and gross profit margin of each of the Group's segments during the periods:

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<i>RMB'000</i>	<i>Gross profit</i>	<i>RMB'000</i>	<i>Gross profit</i>
	<b>(Unaudited)</b>	<b>margin</b>	<b>(Unaudited)</b>	<b>margin</b>
<b>Segment gross profit and gross profit margin</b>				
Application solutions	<b>13,340</b>	<b>21.6%</b>	8,669	11.4%
New media services	<b>29,377</b>	<b>55.5%</b>	4,699	60.7%
Sales of self-developed products	<b>10,344</b>	<b>63.5%</b>	14,677	63.1%
System maintenance services	<b>1,812</b>	<b>29.2%</b>	807	21.0%
Total	<b>54,873</b>	<b>40.0%</b>	<b>28,852</b>	<b>26.0%</b>

### *Application solutions*

For the application solutions segment, the Group recorded an increase in the gross profit margin from approximately 11.4% for the Corresponding Period to approximately 21.6% for the Interim Period. Such increase was mainly attributable to the increase of revenue contribution by transmission system application solution projects which has a higher gross profit margin.

### *New media services*

For the new media services segment, the gross profit margin decreased from approximately 60.7% for the Corresponding Period to approximately 55.5% for the Interim Period. The decrease was due to that the Group reduced the gross profit margin strategically in order to attract and retain more target clients. With a view to better seize the opportunities of new media business, the Group invested matched resources for the long term growth of the new media services segment, such as the layout in cooperation with the excellent new media marketing providers and development of more customer channels, during the Interim Period, which also led to the decrease of gross profit margin for the new media services segment.

### *Sales of self-developed products*

For the sales of self-developed products segment, the Group noted a slight increase of gross profit margin from approximately 63.1% for the Corresponding Period to approximately 63.5% for the Interim Period. The Group believes such increase is within a reasonable range in its normal operation.

### *System maintenance services*

For the system maintenance services segment, the Group noted an increase of gross profit margin from approximately 21.0% for the Corresponding Period to approximately 29.2% for the Interim Period. Such increase was mainly attributable to the cost control management of the Group for onsite support services during the Interim Period.

### *Selling expenses*

The selling expenses for the six months ended 30 June 2022 and 2021 were approximately RMB26.3 million and RMB4.0 million respectively, representing an increase of approximately RMB22.3 million. The increase in selling expenses was mainly due to the expenses related to share based payment expenses provided to certain outstanding marketing personnel for long-term incentive purpose and the increasing layout for recruiting and reserving more marketing talents to further enhance the competitiveness of the Group.

### *Administrative expenses*

The administrative expenses for the six months ended 30 June 2022 and 2021 were approximately RMB49.1 million and RMB42.6 million respectively, representing an increase of approximately RMB6.5 million. The increase in administrative expenses was due to the expenses related to share based payment expenses provided to certain outstanding administrative staff to realise long-term incentive, the amortization of deferred day-one loss of convertible bonds and the layout for recruiting and reserving of the outstanding administrative staff.



### ***Other (losses)/gains, net***

Other losses, net amounted to approximately RMB12.3 million for the Interim Period, and other gains, net amounted to approximately RMB3.6 million for the Corresponding Period. The losses for the Interim Period were mainly due to the fair value losses on the key-man life insurance policies.

### ***Finance costs, net***

For the six months ended 30 June 2022 and 2021, the net finance costs of the Group were approximately RMB3.1 million and RMB9.9 million respectively, representing a decrease of approximately RMB6.8 million. The decrease in interest expenses was due to the lower average balance of bank and other borrowings of the Group during the Interim Period and the effect of the foreign exchange rate changes.

### ***Income tax expense***

Income tax expense amounted to approximately RMB85,000 for the Interim Period and RMB93,000 for the Corresponding Period.

### ***Loss for the Interim Period***

As a result of the aforementioned factors, loss of the Group increased from a net loss of approximately RMB23.8 million for the Corresponding Period to approximately RMB30.0 million for the Interim Period.

### **Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures**

To supplement our consolidated financial statements, which are presented in accordance with HKFRSs, we also use adjusted net profit/(loss) as additional financial measures, which are not required by, or presented in accordance with, HKFRSs. We believe adjusted net profit/(loss) facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance, such as certain non-cash items, one-off items or items which are not operating in nature.



We believe adjusted net profit/(loss) provides useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net profit/(loss) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRSs. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

The following table sets forth the reconciliations of our non-HKFRS financial measures for the six months ended 2022 and 2021 and the year ended 31 December 2021, respectively, to the nearest measures prepared in accordance with HKFRS:

	<b>For the six months ended</b>		For the
	<b>30 June</b>		year ended
	<b>2022</b>	2021	31 December
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
<b>Loss for the period/year</b>	<b>(29,995)</b>	(23,829)	(68,724)
Adjusted for:			
Share based payment expenses ( <i>Note 16**</i> )	<b>18,445</b>	45	93
Fair value losses on financial assets at FVPL ( <i>Note 5**</i> )	<b>12,139</b>	59	1,277
Amortization of deferred day-one loss of convertible bonds ( <i>Note 18**</i> )	<b>4,397</b>	–	2,294
Change in fair value of contingent consideration receivables	–	–	17,755
Impairment loss on goodwill	–	–	7,128
Impairment loss on interest in an associate	–	–	1,800
<b>Adjusted net profit/(loss)</b>	<b><u>4,986</u></b>	<b><u>(23,725)</u></b>	<b><u>(38,377)</u></b>

\*\* Please refer to the Notes to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2022

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

Net cash used in the Group's operating activities amounted to approximately RMB21.7 million for the Interim Period while net cash generated from the Group's operating activities amounted to approximately RMB9.7 million for the Corresponding Period. The net cash outflow of the Group's operating activities during the Interim Period mainly arose from the combined influence of the decrease in inventories, other current assets and contract liabilities and the increase in trade and other receivables, trade and other payables.

Net cash generated from the Group's investing activities amounted to approximately RMB38.5 million for the Interim Period and RMB4.5 million for the Corresponding Period. The net cash inflow for the Interim Period was mainly generated from the surrender of the key-man life insurance policies.

Net cash used in the Group's financing activities amounted to approximately RMB39.4 million for the Interim Period and approximately RMB22.2 million for the Corresponding Period. The net cash used in financing activities for the Interim Period was mainly attributable to the repayments of bank and other borrowings.

The total bank and other borrowings of the Group decreased from approximately RMB163.1 million as at 31 December 2021 to approximately RMB121.4 million as at 30 June 2022. Such decrease was mainly attributable to repayments of bank and other borrowings of the Group during the Interim Period.

As at 30 June 2022, the Group had current assets of approximately RMB297.8 million (as at 31 December 2021: approximately RMB344.7 million) and current liabilities of approximately RMB275.5 million (as at 31 December 2021: approximately RMB306.5 million). The current ratio (which is calculated by dividing current assets by current liabilities) decreased to approximately 1.08 as at 30 June 2022 from approximately 1.12 as at 31 December 2021.

The cash and cash equivalents of the Group as at 30 June 2022 were mainly denominated in Hong Kong Dollar (“**HKD**”) and Renminbi (“**RMB**”).

### **Charge over assets**

As at 30 June 2022, bank borrowings of approximately RMB29.5 million (31 December 2021: approximately RMB31.0 million) were secured by buildings included in the property, plant and equipment of the Group, net book value of which amounted to approximately RMB26.7 million (31 December 2021: approximately RMB28.0 million).

## **Gearing position**

The gearing ratio, which represented net debt (total debts less pledged bank deposits and bank balances and cash) divided by total equity multiplied by 100%, was 141.8% and 128.0% as at 30 June 2022 and 31 December 2021, respectively.

## **Foreign exchange exposure**

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and HKD. Foreign exchange risk arose from future commercial transactions, recognised assets and liabilities which are denominated in non-RMB. The management of the Group has set up a policy to require the Company's subsidiaries to manage their foreign exchange risk against their functional currency. The Company's subsidiaries are required to control the exposure of the foreign currency during their business operation. The foreign currency exposure is mainly due to the purchase of equipment from all over the world and the management controls the payment schedule to reduce the foreign exchange risk. Save for certain bank balances and accounts payables in USD and HKD, the Group considers that the impact of foreign exchange exposure to the Group was minimal and there was no significant adverse effect on normal operations. During the Interim Period, the Group did not commit to any financial instruments to hedge its exposure to foreign exchange risk. However, the management of the Group will monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **Interest rate risk**

Other than the bank balances with variable interest rates, the Group has no other significant interest-bearing assets. The management does not anticipate significant impact on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from bank and other borrowings. Bank and other borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not hedged its cash flow interest rate risks.

## **Significant investments, acquisition and disposal**

On 29 April 2022, the Group entered into an agreement to dispose 55% of the equity interest in Beijing BroadVision Information Technology Company Limited\* (北京經緯中天信息技術有限公司) (“**Beijing BroadVision**”) with a then minority shareholder of Beijing BroadVision at a consideration of approximately RMB10.6 million which results in a gain on disposal of approximately RMB5.6 million. For further details of such disposal, please refer to the announcement of the Company dated 29 April 2022.

During the Interim Period, save as disclosed above, the Group had no significant investments or material acquisitions and disposals of its subsidiaries, associates and joint ventures.

### **Contingent liabilities**

As at 30 June 2022, the Directors were not aware of any other significant events that would have resulted in material contingent liabilities.

### **Dividends**

The Board does not recommend the distribution of any interim dividend for the Interim Period (2021: Nil).

### **Capital structure**

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

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

### **Future outlook**

In the second half of 2022, the Group will actively implement its business plan to, on the one hand, continue to focus on technological innovation and development based on live-streaming video media technology, so as to address the constantly upgraded and iterated customer demand and enhance customer stickiness, and maintain its leading position in the all-media industry; on the other hand, it will also continue to invest more resources in new media services to enhance the Group's serviceability and performance capability, actively explore new channel strategy. On 5 August 2022, Hangzhou Century Sage entered into an annual cooperation agreement with Douyin E-commerce Entities (as defined in the announcement of the Company dated 5 August 2022), which is expected to achieve a Gross Merchandise Value ("GMV") settled of not less than RMB5 billion during the cooperation period. Douyin E-commerce Entities and their associated platforms will provide Hangzhou Century Sage with a series of resources to help it develop its live e-commerce business on the Douyin platform. The Group will make full use of this opportunity and leverage its technical advantages to actively expand its strategic partnership with renowned new media marketing companies and their artists in the industry to accelerate the pace of development of its new media business.

In the future, the Group will continue to insist on technological innovation, enhance its video live-streaming media technology and new media service capabilities, and continue to optimize its corporate governance structure and the establishment of its internal management platform, focusing on efficiency engineering. At the same time, the Group will be committed to reaching strategic cooperation with more leading new media platforms and service providers to further empower the development of the new media service industry by leveraging the advantageous areas of both parties in the industry. While vigorously developing its existing business, the Group will focus on market demand and changes, further optimize its industrial layout, promote the diversification of its business, explore more strategic partners, and expand its revenue sources.

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

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted a share award plan (the “**Share Award Plan**”) on 24 March 2014. The Share Award Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

On 1 April 2022, the Board resolved to award an aggregate of 17,040,000 award shares (the “**Awarded Shares**”) to eleven selected participants (the “**Selected Participants**”) under the Share Award Plan. The Awarded Shares had been issued and allotted pursuant to the general mandate granted to the Directors by the shareholders of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 June 2021. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Plan, the Awarded Shares shall be transferred from the trustee, Teeroy Limited (the “**Trustee**”) to the Selected Participants upon expiry of the respective vesting period. As at the end of the Interim Period, the Awarded Shares have been fully issued to the Trustee. Further details of the Share Award Plan and movement in the Awarded Shares during the Interim Period will be set out in the 2022 interim report of the Company.

In order to reward or make incentive to the employees, the Directors and other selected participants for their contributions to the Group, the Company conditionally adopted the Share Option Scheme on 13 June 2014 (the “**Share Option Scheme**”). During the Interim Period, no share options were granted by the Company under the Share Option Scheme. Details of the Share Option Scheme and movement in the share options during the Interim Period will be set out in the 2022 interim report of the Company.

## FINANCIAL INFORMATION

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>Unaudited</b>	<b>Unaudited</b>
Revenue	4	<b>137,153</b>	111,048
Cost of sales	4	<b>(82,280)</b>	(82,196)
<b>Gross profit</b>	4	<b>54,873</b>	28,852
Selling expenses		<b>(26,299)</b>	(3,981)
Administrative expenses		<b>(49,123)</b>	(42,551)
Other (losses)/gains, net	5	<b>(12,319)</b>	3,566
Finance income	7	<b>95</b>	11
Finance costs	7	<b>(3,166)</b>	(9,928)
Finance costs, net	7	<b>(3,071)</b>	(9,917)
Gain on disposal of a subsidiary	21	<b>5,560</b>	87
Share of results of an associate	6	<b>469</b>	208
<b>Loss before income tax</b>		<b>(29,910)</b>	(23,736)
Income tax expense	8	<b>(85)</b>	(93)
<b>Loss for the period</b>		<b>(29,995)</b>	(23,829)
<b>Loss attributable to:</b>			
Owners of the Company		<b>(27,003)</b>	(20,916)
Non-controlling interests		<b>(2,992)</b>	(2,913)

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	Unaudited
<b>Other comprehensive loss:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		<u>(2,242)</u>	<u>(537)</u>
<b>Total other comprehensive loss for the period</b>		<u>(2,242)</u>	<u>(537)</u>
<b>Total comprehensive loss for the period</b>		<u>(32,237)</u>	<u>(24,366)</u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(29,245)	(21,453)
Non-controlling interests		<u>(2,992)</u>	<u>(2,913)</u>
<b>Loss per share (expressed in RMB cents per share)</b>			
Basic and diluted loss per share	20	<u>(2.46)</u>	<u>(2.01)</u>



## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2022	31 December 2021
	<i>Note</i>	<i>RMB'000</i> <b>Unaudited</b>	<i>RMB'000</i> Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	29,420	30,326
Intangible assets	10	5,405	7,227
Right-of-use assets		5,717	4,923
Deferred income tax assets		–	1,013
Trade and other receivables	11	5,026	3,017
Interests in an associate	6	31,927	31,458
		<b>77,495</b>	77,964
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		57,723	73,270
Other current assets	13	23,558	25,147
Trade and other receivables	11	175,858	134,434
Financial assets at fair value through profit or loss (“ <b>FVPL</b> ”)	12	–	51,002
Pledged bank deposits		839	801
Bank balances and cash		39,820	60,063
		<b>297,798</b>	344,717
<b>Total current assets</b>			
		<b>375,293</b>	422,681
<b>Total assets</b>			
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	8,833	8,694
Share premium	15	281,110	281,110
Other reserves		(19,805)	(35,869)
Retained earnings		(215,138)	(188,135)
		<b>55,000</b>	65,800
<b>Non-controlling interests</b>			
		<b>13,880</b>	22,594
<b>Total equity</b>			
		<b>68,880</b>	88,394

		<b>30 June</b>	31 December
		<b>2022</b>	2021
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>Unaudited</b>	Audited
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	<i>17</i>	<b>16,928</b>	19,301
Convertible bonds	<i>18</i>	<b>13,040</b>	6,894
Lease liabilities		<b>901</b>	1,620
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>30,869</b>	27,815
		<hr/>	<hr/>
<b>Current liabilities</b>			
Contract liabilities	<i>14</i>	<b>19,887</b>	31,068
Trade and other payables	<i>19</i>	<b>140,693</b>	121,475
Current income tax liabilities		<b>7,535</b>	7,621
Lease liabilities		<b>2,929</b>	2,559
Bank and other borrowings	<i>17</i>	<b>104,500</b>	143,749
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>275,544</b>	306,472
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>306,413</b>	334,287
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>375,293</b>	422,681
		<hr/> <hr/>	<hr/> <hr/>
<b>Net current assets</b>		<b>22,254</b>	38,245
		<hr/> <hr/>	<hr/> <hr/>
<b>Total assets less current liabilities</b>		<b>99,749</b>	116,209
		<hr/> <hr/>	<hr/> <hr/>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Total <i>RMB'000</i>
	<b>Share capital</b> <i>RMB'000</i>	<b>Share premium</b> <i>RMB'000</i>	<b>Other reserves</b> <i>RMB'000</i>	<b>Retained earnings</b> <i>RMB'000</i>	
<b>Unaudited</b>					
<b>Balance at January 1, 2022</b>	<b>8,694</b>	<b>281,110</b>	<b>(35,869)</b>	<b>(188,135)</b>	<b>65,800</b>
<b>Comprehensive loss</b>					
Loss for the period	-	-	-	(27,003)	(27,003)
<b>Other comprehensive loss</b>					
— currency translation differences	-	-	(2,242)	-	(2,242)
<b>Total comprehensive loss for the period ended 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>(2,242)</b>	<b>(27,003)</b>	<b>(29,245)</b>
<b>Transactions with owners</b>					
Employees share award plan — value of employee services ( <i>Note 16</i> )	139	-	18,306	-	18,445
<b>Total transactions with owners, recognised directly in equity</b>	<b>139</b>	<b>-</b>	<b>18,306</b>	<b>-</b>	<b>18,445</b>
<b>Balance as at 30 June 2022</b>	<b>8,833</b>	<b>281,110</b>	<b>(19,805)</b>	<b>(215,138)</b>	<b>55,000</b>
<b>Unaudited</b>					
<b>Balance at January 1, 2021</b>	<b>8,290</b>	<b>269,212</b>	<b>(59,819)</b>	<b>(136,800)</b>	<b>80,883</b>
<b>Comprehensive loss</b>					
Loss for the period	-	-	-	(20,916)	(20,916)
<b>Other comprehensive loss</b>					
— currency translation differences	-	-	(537)	-	(537)
<b>Total comprehensive loss for the period ended 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>(537)</b>	<b>(20,916)</b>	<b>(21,453)</b>
<b>Transactions with owners</b>					
Share option forfeited during the period	-	-	(27)	27	-
Employees share option scheme — value of employee services ( <i>Note 16</i> )	-	-	45	-	45
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>27</b>	<b>45</b>
<b>Balance as at 30 June 2021</b>	<b>8,290</b>	<b>269,212</b>	<b>(60,338)</b>	<b>(157,689)</b>	<b>59,475</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>Unaudited</b>	Unaudited
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(16,327)	13,270
Interest paid	(5,161)	(3,435)
Income tax paid	(172)	(93)
	<u>(21,660)</u>	<u>9,742</u>
<b>Net cash (used in)/generated from operating activities</b>		
	<u>(21,660)</u>	<u>9,742</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(1,180)	–
Payment of pledged bank deposits	(839)	(1,223)
Collection of pledged bank deposits	801	5,463
Purchase of intangible assets	(212)	–
Proceeds from sales of property, plant and equipment	94	271
Net cash inflow/(outflow) arising from disposal of subsidiaries	944	(7)
Proceeds from surrender of financial assets at FVPL	38,863	–
	<u>38,471</u>	<u>4,504</u>
<b>Net cash generated from investing activities</b>		
	<u>38,471</u>	<u>4,504</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank and other borrowings	17,889	9,231
Repayments of bank and other borrowings	(57,303)	(31,471)
	<u>(39,414)</u>	<u>(22,240)</u>
<b>Net cash used in financing activities</b>		
	<u>(39,414)</u>	<u>(22,240)</u>
<b>Net decrease in cash and cash equivalents</b>		
	(22,603)	(7,994)
Cash and cash equivalents at beginning of the period	60,063	12,781
Effect of foreign exchange rate changes	2,360	(857)
	<u>39,820</u>	<u>3,930</u>
<b>Cash and cash equivalents at end of the period</b>		
	<u><u>39,820</u></u>	<u><u>3,930</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 1. GENERAL INFORMATION

Century Sage Scientific Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 18 December 2012 as an exempted company with limited liability under the Companies Act (Cap. 22, as consolidated and revised) of the Cayman Islands. The Company’s shares are listed on the Stock Exchange.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

This interim financial information was approved for issue by the Board on 29 August 2022. This interim financial information has not been audited. This interim financial information was presented in Renminbi (“**RMB**”) and rounded to the nearest thousands (“**000**”), unless otherwise stated.

## 2. BASIS OF PREPARATION AND PRESENTATION

This interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), “Interim financial reporting”. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2022 do not have a material impact on the Group.

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

## 4. SEGMENT INFORMATION

The chief operating decision-maker (“**CODM**”) of the Company mainly includes the board of directors of the Company, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the CODM considers the business from both business and geographical perspective.

The Group has the following reportable segments for the relevant periods:

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

The CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling expenses, administrative expenses and finance cost are common costs incurred for the operating segment as a whole and therefore they are not included in the measure of the segments' performance which is used by the CODM.

The segment information provided to the CODM for the reportable segments for the periods is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>Unaudited</b>	Unaudited
<b>Segment revenue</b>		
Application solutions	<b>61,753</b>	76,207
New media services	<b>52,886</b>	7,736
Sales of self-developed products	<b>16,301</b>	23,260
System maintenance services	<b>6,213</b>	3,845
	<u>137,153</u>	<u>111,048</u>
Total	<u><b>137,153</b></u>	<u>111,048</u>
<b>Segment cost</b>		
Application solutions	<b>(48,413)</b>	(67,538)
New media services	<b>(23,509)</b>	(3,037)
Sales of self-developed products	<b>(5,957)</b>	(8,583)
System maintenance services	<b>(4,401)</b>	(3,038)
	<u>(82,280)</u>	<u>(82,196)</u>
Total	<u><b>(82,280)</b></u>	<u>(82,196)</u>
<b>Segment gross profit</b>		
Application solutions	<b>13,340</b>	8,669
New media services	<b>29,377</b>	4,699
Sales of self-developed products	<b>10,344</b>	14,677
System maintenance services	<b>1,812</b>	807
	<u>54,873</u>	<u>28,852</u>
Total	<u><b>54,873</b></u>	<u>28,852</u>

## 5. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Unaudited	Unaudited
<b>Other (losses)/gains, net</b>		
Fair value losses on financial assets at FVPL (Note 12)	(12,139)	(59)
Others	(180)	3,625
<b>Other (losses)/gains, net</b>	<b>(12,319)</b>	<b>3,566</b>

## 6. INTERESTS IN AN ASSOCIATE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Unaudited	Unaudited
At 1 January	31,458	33,896
Share of results of an associate	469	208
At 30 June	<b>31,927</b>	<b>34,104</b>

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

	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	Unaudited	Audited
Assets	48,738	46,059
Liabilities	21,170	19,535
Net assets	<b>27,568</b>	<b>26,524</b>

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Unaudited	Unaudited
Revenue	9,469	7,563
Share of profit	469	208
Percentage held	<b>45%</b>	<b>45%</b>



## 7. FINANCIAL COSTS, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Unaudited	Unaudited
<b>Finance expenses</b>		
Interest expenses on bank and other borrowings	(5,353)	(8,704)
Interest expenses on lease liabilities	(111)	(63)
Interest expenses on amounts due to directors	(114)	(98)
Interest expenses on amounts due to a shareholder	(203)	(206)
Interest expenses on convertible bonds ( <i>Note 18</i> )	(1,436)	–
Net foreign exchange gain/(loss)	4,051	(857)
	<u>(3,166)</u>	<u>(9,928)</u>
<b>Finance income</b>		
Interest income on short-term bank deposits	95	11
	<u>95</u>	<u>11</u>
<b>Finance costs, net</b>	<u>(3,071)</u>	<u>(9,917)</u>

## 8. INCOME TAX EXPENSE

### Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Cap. 22, as consolidated and revised) of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax.

### BVI income tax

Some of the subsidiaries of the Group, incorporated in BVI as exempted companies with limited liability under the Companies Law of BVI, are exempted from BVI income tax.

### Hong Kong profits tax

Entities of the Group incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for the period ended 30 June 2022 (2021: 16.5%) on the estimated assessable profit for the period. Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes during both periods.

### PRC enterprise income tax (“EIT”)

Entities of the Group incorporated in the PRC are subject to EIT. According to the EIT law effective from 1 January 2008, all PRC enterprises are subject to a standard EIT rate of 25%, except for enterprises which are allowed to enjoy the preferential policies and provisions as discussed below:

Certain subsidiaries of the Group obtained the High and New Technology Enterprise qualification. A reduced tax rate of 15% (2021: 15%) for the period of three years was granted as long as those PRC subsidiaries meet the high-tech enterprise qualification.

According to the Notice on the Implementation of the Micro-enterprise Universal Tax Relief in accordance with the Regulations of Ministry of Finance and the State Administration of Taxation (Caishui [2019] No. 13) (《關於實施小微企業普惠性稅收減免政策的通知》), Hangzhou Juhuo Interactive Culture Communication Co., Ltd.\* (杭州聚火互動文化傳播有限公司) could enjoy an EIT at 20% on the assessable profits below RMB1,000,000 after reduction of 75% of assessable profits and an EIT tax rate of 20% on the assessable profits between RMB1,000,000 to RMB3,000,000 after reduction of 50% of assessable profits.

### **PRC withholding tax**

In addition, according to the EIT law, dividends, interests, rent, royalties and gains on transfers of property received by a foreign enterprise, i.e., a non-China tax resident enterprise, will be subject to PRC withholding tax at 10% or a reduced treaty rate depending on provisions of tax treaty entered between the PRC and the jurisdiction where the foreign enterprise incorporated. The withholding tax rate is 5% for the holding company in Hong Kong if the parent company is the beneficial owner of the dividend received from the invested enterprises in the PRC and obtained the approval of enjoying the treaty rate from the PRC tax authorities. The withholding tax imposed on the dividend income received from the Group's PRC entities will reduce the Company's net income.

The income tax expense of the Group is analyzed as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	Unaudited
Current income tax	<u>(85)</u>	<u>(93)</u>
<b>Income tax expense</b>	<b><u>(85)</u></b>	<b><u>(93)</u></b>

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

## **9. DIVIDENDS**

The Board does not recommend the distribution of any interim dividend for the Interim Period (2021: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	<b>Property, plant and equipment</b> <i>RMB'000</i> Unaudited	<b>Intangible assets</b> <i>RMB'000</i> Unaudited
<b>Six months ended 30 June 2022</b>		
<b>Net book value or valuation</b>		
<b>Opening amount as at 1 January 2022</b>	<b>30,326</b>	<b>7,227</b>
Additions	<b>1,180</b>	<b>212</b>
Disposals	<b>(94)</b>	<b>–</b>
Disposals of a subsidiary	<b>(314)</b>	<b>(792)</b>
Depreciation	<b>(1,678)</b>	<b>(1,242)</b>
	<hr/>	<hr/>
<b>Closing amount as at 30 June 2022</b>	<b>29,420</b>	<b>5,405</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Six months ended 30 June 2021</b>		
<b>Net book value or valuation</b>		
<b>Opening amount as at 1 January 2021</b>	33,824	17,556
Disposals	(271)	–
Disposals of a subsidiary	(394)	(239)
Depreciation	(1,479)	(1,569)
	<hr/>	<hr/>
<b>Closing amount as at 30 June 2021</b>	<b>31,680</b>	<b>15,748</b>
	<hr/> <hr/>	<hr/> <hr/>

## 11. TRADE AND OTHER RECEIVABLES

	<b>As at</b>	
	<b>30 June 2022</b> <i>RMB'000</i> Unaudited	31 December 2021 <i>RMB'000</i> Audited
<b>Trade receivables</b>		
— from third parties	<b>190,254</b>	154,965
— from an associate	<b>3,671</b>	3,671
	<hr/>	<hr/>
	<b>193,925</b>	158,636
Less: provision for impairment of trade receivables	<b>(50,362)</b>	(57,101)
	<hr/>	<hr/>
Trade receivables — net	<b>143,563</b>	101,535
	<hr/>	<hr/>

	As at	
	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
<b>Other receivables</b>		
Deposit for guarantee certificate over tendering and performance	10,433	16,384
Deposit paid for acquisition of a subsidiary	16,934	16,934
Cash advance to employees	5,563	6,556
Due from related parties	4,010	2,578
Receivable from disposal of a subsidiary	4,602	1,200
Other deposits paid	2,421	897
Others	10,292	8,301
	<u>54,255</u>	<u>52,850</u>
Less: provision for impairment of deposit paid for acquisition of a subsidiary	<u>(16,934)</u>	<u>(16,934)</u>
	<u>37,321</u>	<u>35,916</u>
<b>Total trade and other receivables</b>	<u>180,884</u>	<u>137,451</u>
<b>Less: Non-current portion</b>		
Receivable from disposal of a subsidiary	3,602	–
Trade receivables— third parties	1,478	3,071
Less: provision for impairment of trade receivable	(54)	(54)
<b>Non-current portion</b>	<u>5,026</u>	<u>3,017</u>
<b>Current portion</b>	<u>175,858</u>	<u>134,434</u>

As at 30 June 2022 and 31 December 2021, the aging analysis of the trade receivables based on revenue recognition date is as follows:

	As at	
	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
Up to 3 months	55,553	15,718
Over 3 months but less than 6 months	20,982	3,406
Over 6 months but less than 1 year	10,722	47,944
Over 1 year but less than 2 years	49,421	19,216
Over 2 years but less than 3 years	18,669	11,561
Over 3 years	38,578	60,791
	<u>193,925</u>	<u>158,636</u>

## 12. FINANCIAL ASSETS AT FVPL

The financial assets designated at FVPL represented key-man life insurance policies. The Group is the beneficiary of the insurance policies. The insurance policies were pledged to the bank as securities for bank borrowings as at 31 December 2021.

The Group can terminate the policy at any time, and the insurance contract value, net of a surrender charge, would be refunded to the Group.

On 13 April 2022, the Group surrendered the key-man life insurance policies with a consideration of approximately RMB38,863,000.

## 13. OTHER CURRENT ASSETS

	As at	
	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
Prepayment for purchase of goods or services	<u>23,558</u>	<u>25,147</u>

## 14. CONTRACT LIABILITIES

	As at	
	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
Contract liabilities to third party	<u>19,887</u>	<u>31,068</u>
	<u>19,887</u>	<u>31,068</u>

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

## 15. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Balance at 1 January 2022	1,089,883,169	10,899	8,694	281,110	289,804
Employee share award plan	17,040,000	170	139	–	139
Balance at 30 June 2022	<u>1,106,923,169</u>	<u>11,069</u>	<u>8,833</u>	<u>281,110</u>	<u>289,943</u>
Balance at 1 January 2021 and 30 June 2021	<u>1,041,243,169</u>	<u>10,412</u>	<u>8,290</u>	<u>269,212</u>	<u>277,502</u>

## 16. SHARE BASED PAYMENTS

### (i) Share Award Plan

The Company has adopted the Share Award Plan on 24 March 2014, which is administered by the Trustee. The Board shall notify the Trustee in writing upon the making of an award to an eligible participant under the Share Award Plan. On 1 April 2022, the Board has resolved to allot and issue to the Trustee a total of 17,040,000 new shares and grant such shares to Selected Participants.

Movement of the awarded shares under the Share Award Plan for the six months ended 30 June 2022 is as the following:

	<b>Number of awarded shares</b>
At 1 January 2022	–
Granted	17,040,000
Vested	<u>(10,224,000)</u>
At 30 June 2022	<u><u>6,816,000</u></u>

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. There were 17,040,000 new issued shares awarded under the Share Award Plan during the Interim Period.

### (ii) Share Option Scheme

The Company has adopted the Share Option Scheme on 13 June 2014.

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

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

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

In 2021, the unconditional mandatory cash offer was made by Somerley Capital Limited on behalf of Golden Ocean Holdings Corp. to cancel all vested and unvested share options granted under Share Option Scheme on the terms and conditions set out in the composite document dated 7 September 2021.

Movements in the number of share options outstanding for the six months ended 30 June 2022 and 2021 are as follows:

	<b>2017 Scheme</b>	<b>2018 Scheme</b>	<b>2020 Scheme</b>
At 1 January 2022 and 30 June 2022	–	–	–
At 1 January 2021	5,000,000	48,940,000	7,000,000
Granted	–	–	–
Lapsed	–	(400,000)	–
	<u>5,000,000</u>	<u>48,540,000</u>	<u>7,000,000</u>
At 30 June 2021	<u>5,000,000</u>	<u>48,540,000</u>	<u>7,000,000</u>

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

	<b>2017 Scheme</b>	<b>2018 Scheme</b>	<b>2020 Scheme</b>
Risk free rate	1.30%	2.24%	2.95%
Dividend yield	1.38%	0.00%	0.00%
Expected volatility	48.38%	53.50%	75.70%

**(iii) Share-based payment expenses**

The amounts of share-based payment expenses are as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Share Award Plan	<b>18,445</b>	–
Share Option Scheme	–	45
	<u>18,445</u>	<u>45</u>
Total	<u><b>18,445</b></u>	<u>45</u>



## 17. BANK AND OTHER BORROWINGS

	As at	
	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
<b>Non-current</b>		
Bank and other borrowings	<u>16,928</u>	<u>19,301</u>
<b>Current</b>		
Bank and other borrowings	<u>104,500</u>	<u>143,749</u>
<b>Total bank and other borrowings</b>	<u><u>121,428</u></u>	<u><u>163,050</u></u>

As at 30 June 2022, bank borrowings of RMB29,500,000 (31 December 2021: RMB31,000,000) were secured by the buildings of the Group, net book value of which amounted to RMB26,719,000 (31 December 2021: RMB27,960,000), and were guaranteed by Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Ltd. (31 December 2021: Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Ltd. and Beijing Culture Sci-Tech Financing Guaranty Co., Ltd.).

## 18. CONVERTIBLE BONDS

On 30 July 2021, the Company, as the issuer, entered into a subscription agreement (the “**Subscription Agreement**”) with three subscribers (the “**Subscribers**”), pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for the convertible bonds in the principal amount of HKD47,000,000 (equivalent to approximately RMB39,026,000), at the initial conversion price of HKD0.23 per share (the “**Subscription**”). The Subscription was completed on 27 September 2021. The bondholders have the right, during the period between the issuance date and the date falling on the third anniversary from the issuance date (both dates inclusive), to convert the whole or part of the principal amount of the convertible bonds into the conversion shares at the conversion price.

The convertible bonds are unsecured, interest-bearing at 1% per annum and have a term of 3 years.

If any of the events specified in the Subscription Agreement occurs, the bondholder may give notice to the Company to early redeem the convertible bonds and the Company shall redeem all outstanding convertible bonds held by such bondholder at their face value (plus the accrued but unpaid interest) in advance.

The shares to be allotted and issued upon conversion of the convertible bonds will be duly and validly issued as fully paid and free from any encumbrance and will rank at least pari passu with all other shares then in issue.

At initial recognition, the convertible bonds are separated into a liability component and an equity component representing the conversion options of the bondholders. The values of the liability component and the equity component were determined at the issue date. The fair value of the liability component was calculated using a market interest rate of 8.99% per annum for instruments without a conversion option of comparable credit status which is referenced to professional valuation conducted by Vincorn Consulting and Appraisal Limited. The residual amount, representing the value of the equity component, has been included in the convertible bonds reserve.

The fair value of the convertible bonds is determined using valuation model for which involved unobservable inputs. The day-one loss, which represented the difference between the nominal value and the fair value of the convertible bonds at the issue date, is not recognized in the consolidated statement of profit or loss immediately but is deferred.

The carrying value of the liability component and the equity component of the convertible bonds is net of the deferred day-one loss which is allocated to the liability component and the equity component on the same allocation basis of the allocation of the fair value of the convertible bonds. The deferred day-one loss in the liability component will be amortized over the term of the convertible bonds on the basis similar with the effective interest method and included in “Administrative expenses” in the consolidated statement of profit or loss and the deferred day-one loss in the equity component will be accounted for in the same basis as the equity component.

The effective interest rate of the liability component of the convertible bonds on initial recognition, which excluded the impact of the deferred day-one loss, is 9.49% per annum and is subsequently carried at amortized cost.

Details of the Subscription are set out in the Company’s joint announcements dated 30 July 2021 and 27 September 2021 and the Company’s circular dated 6 September 2021 and the Company’s composite document dated 7 September 2021.

	<b>Liability Component</b> <i>RMB’000</i> Unaudited	<b>Deferred day-one loss</b> <i>RMB’000</i> Unaudited	<b>Total</b> <i>RMB’000</i> Unaudited
Carrying amount as at 31 December 2021	30,874	(23,980)	6,894
Interest charged for the period	1,436	–	1,436
Interest payables on convertible bonds included in other payables	(204)	–	(204)
Amortisation of deferred day-one loss	–	4,397	4,397
Exchange realignments	1,501	(984)	517
	<u>33,607</u>	<u>(20,567)</u>	<u>13,040</u>
Carrying amount as at 30 June 2022	<u>33,607</u>	<u>(20,567)</u>	<u>13,040</u>
	<b>Liability Component</b> <i>RMB’000</i> Audited	<b>Deferred day-one loss</b> <i>RMB’000</i> Audited	<b>Total</b> <i>RMB’000</i> Audited
Fair value of liability component at the inception date	30,752	–	30,752
Day-one loss of newly issued convertible bonds at inception not recognized in profit or loss	–	(26,689)	(26,689)
Interest charged for the period	727	–	727
Interest payables on convertible bonds included in other payables	(100)	–	(100)
Amortization of deferred day-one loss	–	2,294	2,294
Exchange realignments	(505)	415	(90)
	<u>30,874</u>	<u>(23,980)</u>	<u>6,894</u>
Carrying amount as at 31 December 2021	<u>30,874</u>	<u>(23,980)</u>	<u>6,894</u>

## 19. TRADE AND OTHER PAYABLES

	As at	
	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
Trade payables to third parties	43,319	39,118
Trade payables to an associate	13,166	13,115
Other taxes payables	20,408	19,962
Employee benefits payables	18,884	14,858
Amounts due to an associate	7,341	2,601
Amounts due to directors	5,612	5,555
Amounts due to a related company/a shareholder	4,011	4,011
Accrual for professional service fees	–	1,650
Interest payables	11,572	10,759
Loan from third parties	8,000	8,500
Others	8,380	1,346
	<u>140,693</u>	<u>121,475</u>

At 30 June 2022, the aging analysis of the trade payables based on invoice date is as follows:

	As at	
	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
Up to 3 months	17,372	23,137
Over 3 months but within 6 months	1,260	1,140
Over 6 months but within 1 year	10,209	7,377
Over 1 year but within 2 years	6,866	9,682
Over 2 years but within 3 years	13,468	7,481
Over 3 years	7,310	3,416
	<u>56,485</u>	<u>52,233</u>

## 20. LOSS PER SHARE

### (a) Basic

Basic loss per share for the six months ended 30 June 2022 and 2021 are calculated by dividing the loss of the Group attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during each respective period:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Loss attributable to owners of the Company ( <i>in RMB'000</i> )	(27,003)	(20,916)
Weighted average number of ordinary shares in issue (in thousand)	<u>1,097,457</u>	<u>1,041,243</u>
Basic loss per share ( <i>RMB cents per share</i> )	<u>(2.46)</u>	<u>(2.01)</u>

### (b) Diluted

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

## 21. DISPOSAL OF A SUBSIDIARY

### Disposal of Beijing BroadVision

On 29 April 2022, the Group has agreed to dispose of 55% equity interest in Beijing BroadVision to a then minority shareholder of Beijing BroadVision at a consideration of RMB10,639,000 with a gain on disposal of RMB5,560,000 recognized in profit or loss for the Interim Period.

The details are as follows:

RMB'000

**Net assets disposed at disposal date:**

Property, plant and equipment	314
Intangible assets	792
Right-of-use assets	1,646
Deferred income tax assets	1,013
Inventories	11
Trade and other receivables	14,535
Bank balances and cash	256
Trade and other payables	(5,709)
Contract liabilities	(388)
Lease liabilities	(1,669)
	<hr/>
<b>Total identifiable net assets</b>	<b>10,801</b>
	<hr/> <hr/>
Total identifiable net assets attribute to owner of the company	5,079
Gain on disposal of subsidiary	5,560
	<hr/>
Total consideration receivable	10,639
	<hr/> <hr/>
<b>Analysis of net outflow of cash and cash equivalents in respect of disposal of a subsidiary:</b>	
Bank balances and cash disposed	(256)
	<hr/> <hr/>

**22. CONTINGENCIES**

As at 30 June 2022, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

## **OTHER INFORMATION**

### **Employees and remuneration policies**

As at 30 June 2022, the Group had a total of 312 employees (as at 31 December 2021: 287 employees).

The Group has formulated its emolument policy which specifies the basis for determining the remuneration of the employees and the remuneration structure of employees that comprises of basic wage, allowances, benefits, and others. The Company has made contributions to, among others, social insurance, medical insurance, housing provident fund and mandatory provident fund on behalf of its employees in accordance with the relevant laws and regulations requirements of the PRC and Hong Kong.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Interim Period.

### **Corporate Governance**

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

- Under the code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Currently, the roles of the chairman and the chief executive officer (the “**CEO**”) of the Group was not separated and was performed by the same individual, Mr. Lo Chi Sum, who acted as both the chairman and CEO throughout the Interim Period. The Directors will meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

## **Model Code for Directors' Securities Transactions**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) (with certain modifications).

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions for the Interim Period.

## **Audit Committee**

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Dr. Yu Guo Jie, Mr. Ma Zhan Kai and Mr. Cui Xiao Bo. Dr. Yu Guo Jie is the chairman of the Audit Committee. The Audit Committee has written terms of reference in compliance with the Listing Rules and the CG Code.

The Audit Committee has in conjunction with the management reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters of the Group. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

## **Significant Events after the Interim Period**

On 5 August 2022, Hangzhou Century Sage entered into a major annual cooperation agreement with the key operators of Douyin E-commerce Entities. The estimated effective GMV settled during the cooperation (12 months) will not be less than RMB5 billion. For more details, please refer to the announcement of the Company dated 5 August 2022.

On 29 August 2022, Hangzhou Century Sage entered into a five-year exclusive operation cooperation agreement with Beijing Jiao Ge Peng You Digital Technology Co., LTD\* (北京交個朋友數碼科技有限公司) and its wholly owned subsidiary, namely Tianjin Jiao Ge Peng You Brand Management Co., LTD\* (天津交個朋友品牌管理有限公司) (collectively, “**Jiao Ge Peng You**”) during which Hangzhou Century Sage will exclusively and successively operate all of the Douyin accounts of Jiao Ge Peng You and Jiao Ge Peng You promises to realise full and formal cooperation with Hangzhou Century Sage before 1 November 2022. For more details, please refer to the announcement of the Company dated 29 August 2022.

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



## **PUBLICATION**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.css-group.net](http://www.css-group.net)) respectively. The 2022 interim report of the Company will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 August 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*