



Century Sage Scientific Holdings Limited 世紀睿科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1450

2022 INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Chi Sum (盧志森)
Mr. Li Jun (李鈞)
Mr. Li Jinping (李金平)
Ms. Zhao Hui Li (趙慧利)

Independent non-executive Directors

Mr. Cui Xiao Bo (崔曉波)
Mr. Ma Zhan Kai (馬占凱)
Dr. Yu Guo Jie (余國杰)

AUTHORISED REPRESENTATIVES

Ms. Zhao Hui Li
Ms. Chan Sze Ting (陳詩婷)

AUDIT COMMITTEE

Dr. Yu Guo Jie (*Chairman*)
Mr. Cui Xiao Bo
Mr. Ma Zhan Kai

REMUNERATION COMMITTEE

Mr. Ma Zhan Kai (*Chairman*)
Ms. Zhao Hui Li
Mr. Cui Xiao Bo

NOMINATION COMMITTEE

Mr. Ma Zhan Kai (*Chairman*)
Mr. Li Jun
Mr. Cui Xiao Bo

INVESTMENT COMMITTEE

Mr. Lo Chi Sum (*Chairman*)
Ms. Zhao Hui Li
Mr. Ma Zhan Kai

COMPANY SECRETARY

Ms. Chan Sze Ting
(ACG, HKACG)

REGISTERED OFFICE

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Hutchins Drive
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Cayman Islands

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Tongzhou District
Beijing 101111
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Cheung Sha Wan
Kowloon
Hong Kong

CORPORATE INFORMATION

AUDITOR

Mazars CPA Limited

LEGAL ADVISERS TO THE COMPANY AS TO HONG KONG LAW

King & Wood Mallesons

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Although confronted with a complex and uncertain external environment, Century Sage Scientific Holdings Limited (the “**Company**”) and its subsidiaries (collectively, 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 six months ended 30 June 2022 (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 six months ended 30 June 2021 (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 report.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

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 | % of total | 2021 | % of total |
| | RMB'000 | revenue | RMB'000 | revenue |
| | (Unaudited) | | (Unaudited) | |
| Segment revenue | | | | |
| Application solutions | 61,753 | 45.0% | 76,207 | 68.6% |
| New media services | 52,886 | 38.6% | 7,736 | 7.0% |
| Sales of self-developed products | 16,301 | 11.9% | 23,260 | 20.9% |
| System maintenance services | 6,213 | 4.5% | 3,845 | 3.5% |
| Total | 137,153 | 100.0% | 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

| | For the six months ended 30 June | | For the year ended 31 December |
|--|-------------------------------------|--------------------------------|--------------------------------------|
| | 2022 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) | 2021 RMB'000 (Audited) |
| Loss for the period/year | (29,995) | (23,829) | (68,724) |
| Adjusted for: | | | |
| Share based payment expenses (Note 16**) | 18,445 | 45 | 93 |
| Fair value losses on financial assets at FVPL (Note 5**) | 12,139 | 59 | 1,277 |
| Amortization of deferred day-one loss of convertible bonds (Note 18**) | 4,397 | – | 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 |
| Adjusted net profit/(loss) | 4,986 | (23,725) | (38,377) |

** 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. The bank and other borrowings of the Group as at 30 June 2022 were mainly denominated in Renminbi ("**RMB**"). Please refer to Note 17 of the Notes to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2022 for the maturity profile of bank and other borrowings of the Group.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. There is no plan for material investments or capital assets as at the end of the Interim Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 June 2022, the directors of the Company (the “**Directors**”) were not aware of any other significant events that would have resulted in material contingent liabilities.

DIVIDENDS

The board of Directors (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.

To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 30 June 2022, almost all of the Group’s total borrowings bore interest at a fixed interest rate.

MANAGEMENT DISCUSSION AND ANALYSIS

ISSUE OF CONVERTIBLE BONDS

On 30 July 2021, the Company, as the issuer, entered into a subscription agreement (the **"Subscription Agreement"**) with three subscribers, namely Silver Eternity Technology Ltd., Trinity Gate Limited and Hongshan Limited (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) (the **"Convertible Bonds"**), at the initial conversion price of HKD0.23 per conversion share (the **"Initial Conversion Price"**) (subject to adjustment) (the **"Subscription"**). The Convertible Bonds are unsecured, interest-bearing at 1% per annum and have a term of 3 years. The Subscription was completed on 27 September 2021.

The Convertible Bonds can be converted into shares of the Company (the **"Shares"**) at the Initial Conversion Price during the conversion period of 3 years from 27 September 2021. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the Convertible Bonds are convertible into 204,347,826 new Shares (the **"Conversion Shares"**) at the Initial Conversion Price. As disclosed in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company" of this interim report, as at 30 June 2022, Starlink Vibrant Holdings Ltd. (**"Starlink Vibrant"**), Golden Ocean Holdings Corp. (**"Golden Ocean"**), Yoshiaki Holding Corp (**"Yoshiaki"**), Orange Grove Global Limited (**"Orange Grove"**), Foga Holdings Ltd. (**"Foga"**), Silver Eternity Technology Ltd. (**"Silver Eternity"**), Trinity Gate Limited (**"Trinity Gate"**) and Hongshan Limited (**"Hongshan"**), collectively the **"Substantial Shareholders"** are deemed to be interested in 922,249,964 Shares and underlying Shares, representing approximately 83.31% Shares in issue. In the event that all outstanding Convertible Bonds were converted as at 30 June 2022, the Substantial Shareholders are deemed to be interested in 922,249,964 Shares, representing approximately 70.33% Shares in issue (on a fully-diluted basis). As at 30 June 2022, no Convertible Bonds have been converted into new Shares.

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

The reason for the Subscription is to allow the Group to bring in new cash capital to repay its debt, improve its liquidity and replenish the general working capital for the day-to-day operation of the Group, as well as to develop the Group's businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

The Conversion Shares have a nominal value of HK\$2,043,478.26 and a market value of HK\$163,478,260.80 based on the closing price of HK\$0.8 on 30 July 2021. The net price per conversion share is approximately HK\$0.227. The net proceeds from the issue of the Convertible Bonds is approximately HK\$46.4 million. The table below is a summary on the details of the use of proceeds:

| Intended use of proceeds | Proposed amount to be used (HK\$ million) | Actual amount utilized up to 30 June 2022 (HK\$ million) | Unused amount as at 30 June 2022 (HK\$ million) | Expected timeline |
|---|--|---|--|---|
| (i) Repayment of liabilities of the Group | 10.0 | 10.0 | – | Not applicable |
| (ii) General working capital | 10.9 | 10.9 | – | Not applicable |
| (iii) Expansion of video system technologies into other industries | 14.8 | 14.8 | – | Not applicable |
| (iv) Exploring and grasping the opportunities of new media market and e-commerce live broadcasting platform by using video streaming media live broadcasting technology | 10.7 | 6.4 | 4.3 | The unused amount is expected to be fully utilised on or before 31 December 2022. |

Dilution impact on loss per share

For the six months ended 30 June 2022, potential dilutive ordinary Shares in connection with the Convertible Bonds are not included in the calculation of diluted loss per Share because they are anti-dilutive. Hence, the diluted loss per Share equals to the basic loss per Share. Additional information of the loss per share attributable to shareholders of the Company are set out in Note 20 of Notes to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and liquidity position of the Group

As disclosed in the section headed “Capital Structure” of this interim report, 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 Company has been undertaking measures to improve the Group’s liquidity and financial position for meeting its redemption obligations under the outstanding Convertible Bonds issued by the Company.

Bondholders to convert or redeem

Based on the implied internal rate of return of the Convertible Bonds, the Company’s share price on the maturity date (i.e. 27 September 2024) at which it would be equally financially advantageous for the bondholders to convert or redeem the Convertible Bonds would be HK\$0.231 per Share.

Saved as disclosed in this interim report, the Group did not issue for cash of equity securities (including securities convertible into equity securities) during the Interim Period.

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 (as defined in the announcement of the Company dated 5 August 2022). 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.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

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, 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

SHARE AWARD PLAN

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted the share award plan (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**”).

(a) Summary of terms

(i) Purpose and participants

The purpose of the Share Award Plan is to recognise and reward the contribution of certain selected participants to the growth and development of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group through an award of the Shares. The Board shall, subject to and in accordance with the rules of the Share Award Plan, be entitled to make an award of Shares to any person belonging to any of the following classes of participants:

- (aa) any employee (whether full-time or part-time, including any executive Director, any of the subsidiaries or any entity (the “**Share Award Plan Invested Entity**”) in which any member of the Group holds an equity interest (the “**Share Award Plan Eligible Employee**”);
- (bb) any non-executive Directors (including independent non-executive Directors), any of the subsidiaries or any Share Award Plan Invested Entity;
- (cc) any supplier of goods or services to any member of the Group or any Share Award Plan Invested Entity;
- (dd) any customer of any member of the Group or any Share Award Plan Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of the Group or any Share Award Plan Invested Entity;

SHARE AWARD PLAN AND SHARE OPTION SCHEME

- (ff) any shareholder of any member of the Group or any Share Award Plan Invested Entity or any holder of any securities issued by any member of the Group or any Share Award Plan Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Share Award Plan Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to our development and growth;

and, for the purposes of the Share Award Plan, the award may be made to any company wholly owned by one or more of the above participants.

The eligibility of any of the above classes of participants to an award shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group.

(ii) **Award of Shares and pool of awarded Shares**

The Board shall notify Teeroy Limited (the "**Share Award Plan Trustee**") in writing upon the making of an award to an eligible participant (the "**Selected Participant**") under the Share Award Plan. Upon the receipt of such notice, the Share Award Plan Trustee shall set aside the appropriate number of awarded Shares pending the transfer and vesting of the same to the Selected Participant out of a pool of Shares comprising the following:

- (aa) such Shares as may be (1) transferred to the Share Award Plan Trustee from any person (other than the Group) by way of gift, or (2) purchased by the Share Award Plan Trustee by utilising the funds received by the Share Award Plan Trustee from any person (other than the Group) by way of gift, but subject to the limitations set out in paragraph (iv) below;
- (bb) such Shares as may be purchased by the Share Award Plan Trustee on the Stock Exchange by utilising the funds allocated by the Board out of the Company's resources (the "**Group Contribution**"), but subject to the limitations set out in paragraph (iv) below;

SHARE AWARD PLAN AND SHARE OPTION SCHEME

- (cc) such Shares as may be subscribed for at par value by the Share Award Plan Trustee by utilising Group Contribution, but subject to the limitations set out in (iv) below; and
- (dd) such Shares which remain unvested and revert to the Share Award Plan Trustee in accordance with the rules of the Share Award Plan.

The making of an award to any connected person must be approved by majority of the independent non-executive Directors at the relevant time. The Company will comply with the applicable provisions of Chapter 14A of the Listing Rules or otherwise in compliance with the requirements of the Listing Rules when making awards to connected persons.

After an award is made, the Board shall notify the Selected Participant who may decline to accept such award by notifying the Company in writing within the prescribed period in accordance with the rules of the Share Award Plan. Unless so declined by the Selected Participant, the award shall be deemed irrevocably accepted by the Selected Participant.

(iii) Subscription and purchase of Shares by the Share Award Plan Trustee

- (aa) The Share Award Plan Trustee may purchase Shares on the Stock Exchange at the prevailing market price or off the market. In respect of off-market transactions, purchases shall not be made with any connected person, nor shall the purchase price be higher than the lower of the following: (1) the closing market price on the date of such purchase, and (2) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.
- (bb) In the event that the Board considers it appropriate for the Share Award Plan Trustee to subscribe Shares by utilising the Group Contribution, the Share Award Plan Trustee shall, upon the instructions of the Board, apply to the Company for the allotment and issue of the appropriate number of new Shares as instructed by the Board. Such allotment and issue shall only be made upon (i) shareholders' approval in general meeting to authorise the Directors to allot and issue new Shares to the Share Award Plan Trustee, subject to the limitations set out in paragraph (iv) below and (ii) the Listing Committee of the Stock Exchange has granted the listing of and permission to deal in such Shares, which may be allotted and issued by the Company to the Share Award Plan Trustee pursuant to the Share Award Plan.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

(iv) Maximum number of Shares to be subscribed and purchased

In any given financial year of the Company, the maximum number of Shares (the “**Max Shares Annual Threshold**”) to be subscribed for and/or purchased by the Share Award Plan Trustee by applying the Group Contribution for the purpose of the Share Award Plan shall be fixed by the Board at the beginning of such financial year (after having regard to all the relevant circumstances and affairs including the business and financial performance during the preceding financial year, business plans and cash flow requirements). The Board shall not instruct the Share Award Plan Trustee to subscribe for and/or purchase any Shares for the purpose of the Share Award Plan when such purchase and/or subscription will result in the Max Shares Annual Threshold being exceeded.

(v) Vesting of the awarded Shares

Subject to the rules of the Share Award Plan, the legal and beneficial ownership of the relevant awarded Shares shall vest in the relevant Selected Participant within ten business days after the latest of:

- (aa) the date specified on the notice of the award given by the Board to the Share Award Plan Trustee (which shall not be earlier than the first business day immediately following the expiry of six months after the listing date of the Company on the Stock Exchange (i.e. 7 July 2014)); and
- (bb) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such Selected Participant as specified in the related notice of award have been attained and notified to the Share Award Plan Trustee by the Board in writing.

(vi) Remaining life

Subject to any earlier termination in accordance with its rules, the Share Award Plan will remain in force for a period of 10 years commencing from 24 March 2014. As at the date of this interim report, the Share Award Plan had a remaining life less than two years.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

(b) Movement of the awarded Shares

During the Interim Period, a total of 17,040,000 awarded Shares were granted in the name of eleven Selected Participants under the Share Award Plan, among which, 6,816,000 awarded Shares remained unvested as at 30 June 2022.

Movement of the awarded Shares under the Share Award Plan during the Interim Period is as follows:

| Selected Participants | Date of Award | Vesting Date | Number of Awarded Shares | | | | Outstanding as at 30 June 2022 |
|-----------------------|---------------|---|----------------------------------|-----------------------------------|----------------------------------|--|--------------------------------|
| | | | Outstanding as at 1 January 2022 | Awarded during the Interim Period | Vested during the Interim Period | Lapsed/cancelled during the Interim Period | |
| Selected Participants | 1 April 2022 | 60% on 13 April 2022 20% on 31 October 2022 20% on 31 October 2023 | - | 17,040,000 | 10,224,000 | - | 6,816,000 |
| | | | - | 17,040,000 | 10,224,000 | - | 6,816,000 |

None of the above Selected Participants are Directors.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) was conditionally adopted by resolutions in writing passed by the shareholders of the Company on 13 June 2014.

(a) Summary of terms

(i) Purpose and participants

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Eligible participants of the Share Option Scheme include the following classes of participants:

- (aa) any employee (whether full-time or part-time including any executive Director but excluding any non-executive Director), any of the subsidiaries or any entity (the “**Invested Entity**”) in which any member of the Group holds an equity interest;
- (bb) any non-executive Directors (including independent non-executive Directors), any of the subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of the Group or any Invested Entity;
- (dd) any customer of any member of the Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to the Group or any member of any Invested Entity;
- (ff) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

SHARE AWARD PLAN AND SHARE OPTION SCHEME

(hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to their contribution to the development and growth of the Group.

(ii) **Total number of Shares available for issue**

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital (the "Issued Share Capital") of the Company from time to time. The total number of Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group) to be granted under the Share Option Scheme and any other share option schemes of the Group as may from time to time be adopted by the Company as permitted under the Listing Rules initially must not, in aggregate, exceed 10% of the Issued Share Capital as at the time dealings in the Shares first commence on the Main Board of the Stock Exchange (i.e. as at 7 July 2014) (and thereafter, if refreshed, shall not exceed 10% of the Issued Share Capital as at the date of approval of the refreshed limit by the shareholders). The maximum number of Shares that may be granted under the Share Option Scheme was 100 million Shares, representing 10% of the total issued Shares as at 7 July 2014, being the listing date of the Company on the Stock Exchange. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting with such participant and his associates abstaining from voting. As at the date of this interim report, the total number of Shares available for issue under the Share Option Scheme was 372,000, representing approximately 0.03% of the total issued Shares as at the date of this interim report.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

(iii) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the Issued Share Capital for the time being (the “**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders in general meeting of the Company with such grantee and his associates abstaining from voting.

(iv) Period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(v) Minimum period for which an option must be held before being exercised

Unless otherwise determined by the Directors and stated in the offer of the grant of options to an eligible participant, there is no minimum period required under Share Option Scheme for the holding of an option before it can be exercised.

(vi) Amount payable on acceptance of the option and the period within which payments must be paid

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon receipt by the Company of the payment of a nominal consideration of HK\$1 and signed acceptance of offer by the eligible participant.

(vii) Basis of determining the exercise price

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant; (ii) the average closing price of the Shares for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

(viii) Remaining life

Subject to any earlier termination in accordance with its rules, the Share Option Scheme shall remain in force for a period of 10 years commencing on 13 June 2014. As at the date of this interim report, the Share Option Scheme had a remaining life less than two years.

(b) 2017 Scheme

On 21 August 2017, the Board approved the share options to subscribe for an aggregate of 7,200,000 underlying Shares at the exercise price of HK\$0.435 per Share (the “**2017 Scheme**”). The options were divided into two tranches at the grant date. The respective exercise dates of the options are as follows:

- (i) Tranche I: beginning on the 3rd anniversary of the date of the employment agreement between the respective grantee and the Group: not more than 50% of the respective options granted; and
- (ii) Tranche II: beginning on the 4th anniversary of the date of the employment agreement between the respective grantee and the Group: the rest of the respective options granted.

These share options shall expire on the 5th anniversary of the date of grant (i.e. 21 August 2022), or the earlier termination of the Share Option Scheme. As at the beginning and at the end of the Interim Period, there was no outstanding share options under the 2017 Scheme.

(c) 2018 Scheme

On 28 November 2018, the Board approved the share options to subscribe for an aggregate of 57,670,000 underlying Shares at the exercise price of HK\$0.222 per Share (the “**2018 Scheme**”). The options shall be exercisable from the 2nd anniversary of the date of grant (i.e. 28 November 2020).

These share options shall expire on the 5th anniversary of the date of grant (i.e. 28 November 2023), or the earlier termination of the Share Option Scheme. As at the beginning and at the end of the Interim Period, there was no outstanding share options under the 2018 Scheme.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

(d) 2020 Scheme

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).

These share options shall expire on the 10th anniversary date of adoption of the Share Option Scheme (i.e. 13 June 2024), or the earlier termination of the Share Option Scheme. On 7 September 2021, all the options under the 2020 Scheme became exercisable automatically. Details are set out in the Company’s composite document dated 7 September 2021. As at the beginning and at the end of the Interim Period, there was no outstanding share options under the 2020 Scheme.

Please refer to Note 16(ii) of the Notes to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2022 for the accounting policy adopted for the share options.

OTHER INFORMATION

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares and underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required 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 they are taken or deemed to have been taken under such provisions of the SFO) or pursuant to the Model Code, or were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO:

| Name of Director | Name of Group member/ associated corporation | Capacity/ Nature of interest | Number of Shares and underlying Shares held (Note 1) | Approximate percentage of Shares in issue |
|-----------------------|---|--|--|---|
| Mr. Li Jun ("Mr. Li") | The Company | Interest of controlled corporation | 361,605,994 Shares (L) (Note 2) | 32.66% (L) |
| | The Company | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 560,643,970 Shares (L) (Note 3) | 50.65% (L) |
| | | Total | 922,249,964 Shares (L) | 83.31% (L) |

OTHER INFORMATION

| Name of Director | Name of Group member/ associated corporation | Capacity/ Nature of interest | Number of Shares and underlying Shares held (Note 1) | Approximate percentage of Shares in issue |
|------------------------------|---|---------------------------------------|--|---|
| | Starlink Vibrant | Beneficial owner | 1 share | 100% |
| | Golden Ocean | Beneficial owner | 90 shares | 90% |
| Mr. Lo Chi Sum ("Mr. Lo") | The Company | Interest of controlled corporation | 47,703,522 Shares (L) (Note 4) | 4.30% (L) |
| | Cerulean Coast Limited ("Cerulean") | Beneficial owner | 1 share | 100% |
| Mr. Li Jinping | The Company | Beneficial owner | 6,000,000 Shares (L) (Note 5) | 0.54% (L) |

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares and underlying Shares of the Company or any of its associated corporations as at 30 June 2022.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, so far as the Directors are aware of, the interests or short positions of the persons (other than a Director or chief executive of the Company whose interests are disclosed above) and corporations in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

| Name of Shareholder | Capacity/ Nature of interest | Number of Shares and underlying Shares held (Note 1) | Approximate percentage of Shares in issue |
|---------------------|---|--|---|
| Starlink Vibrant | Beneficial owner | 323,500,334 Shares (L) (Note 2) | 29.22% (L) |
| | Interest in controlled corporation | 38,105,660 Shares (L) (Note 2) | 3.44% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 560,643,970 Shares (L) (Note 3) | 50.65% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |
| Golden Ocean | Beneficial owner | 38,105,660 Shares (L) (Note 2) | 3.44% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 884,144,304 Shares (L) (Note 3) | 79.87% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |

OTHER INFORMATION

| Name of Shareholder | Capacity/ Nature of interest | Number of Shares and underlying Shares held (Note 1) | Approximate percentage of Shares in issue |
|---------------------------|---|--|---|
| Yoshiaki (Note 7) | Beneficial owner | 303,594,303 Shares (L) | 27.42% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 618,655,661 Shares (L) (Note 3) | 55.89% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |
| Orange Grove (Note 8) | Beneficial owner | 20,738,154 Shares (L) | 1.87% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 901,511,810 Shares (L) (Note 3) | 81.44% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |
| Foga (Note 9) | Beneficial owner | 31,963,687 Shares (L) | 2.89% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 890,286,277 Shares (L) (Note 3) | 80.42% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |
| Silver Eternity (Note 10) | Beneficial owner | 128,304,348 Shares (L) (Note 6) | 11.59% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 793,945,616 Shares (L) (Note 3) | 71.72% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |

OTHER INFORMATION

| Name of Shareholder | Capacity/ Nature of interest | Number of Shares and underlying Shares held (Note 1) | Approximate percentage of Shares in issue |
|------------------------|---|--|---|
| Trinity Gate (Note 11) | Beneficial owner | 37,391,304 Shares (L) (Note 6) | 3.37% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 884,858,660 Shares (L) (Note 3) | 79.94% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |
| Hongshan (Note 12) | Beneficial owner | 38,652,174 Shares (L) (Note 6) | 3.49% (L) |
| | A concert party to an agreement to buy shares as described in s317(1)(a) of the SFO | 883,597,790 Shares (L) (Note 3) | 79.82% (L) |
| | Total | 922,249,964 Shares (L) | 83.31% (L) |

Notes:

- The letter "L" denotes a person's or a corporation's long position in the Shares. The letter "S" denotes a person's or a corporation's short position in the Shares.
- These Shares included 323,500,334 Shares held by Starlink Vibrant, which was wholly owned by Mr. Li, and 38,105,660 Shares held by Golden Ocean, which was 90% owned by Starlink Vibrant.
- On 30 July 2021, a concert party agreement was entered into among Golden Ocean, Starlink Vibrant, Yoshiaki, Orange Grove, Foga, Silver Eternity, Trinity Gate and Hongshan (the "**Concert Parties**", each a "**Concert Party**"). Pursuant to the SFO, each of the Concert Parties was deemed to be interested in the Shares held by the other Concert Parties.
- These Shares were held by Cerulean, which was wholly owned by Mr. Lo. Pursuant to the SFO, Mr. Lo was interested in and deemed to be interested in a total of 47,703,522 Shares.
- These Shares were held by Mr. Li Jinping, which included (i) 4,900,000 Shares held by him beneficially; and (ii) 100,000 awarded Shares and 1,000,000 awarded Shares under the share award plan of the Company vested to him on 18 May 2019 and 9 November 2020, respectively.
- Each of Silver Eternity, Trinity Gate and Hongshan holds convertible bonds of the Company with a principal amount of HK\$29,510,000, HK\$8,600,000 and HK\$8,890,000, respectively, which can be converted into 128,304,348 Shares, 37,391,304 Shares and 38,652,174 Shares, respectively at the Initial Conversion Price.

OTHER INFORMATION

7. Yoshiaki is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Lu Jiayao. Pursuant to the SFO, Mr. Lu Jiayao was interested in and deemed to be interested in a total of 922,249,964 Shares and underlying Shares.
8. Orange Grove is a company incorporated in the British Virgin Islands, which is wholly owned by Ms. Guo Jing. Pursuant to the SFO, Ms. Guo Jing was interested in and deemed to be interested in a total of 922,249,964 Shares and underlying Shares.
9. Foga 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 bare trustee. Pursuant to the SFO, Hao Dong Trust and Mr. Liao Dong were interested in and deemed to be interested in a total of 922,249,964 Shares and underlying Shares.
10. Silver Eternity is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Xiao Xin. Pursuant to the SFO, Mr. Xiao Xin was interested in and deemed to be interested in a total of 922,249,964 Shares and underlying Shares.
11. Trinity Gate is a company incorporated in the British Virgin Islands, which is wholly owned by Timeness Vision Limited, which in turn is wholly owned by Mr. Teng Rongsong. Pursuant to the SFO, Timeness Vision Limited and Mr. Teng Rongsong were interested in and deemed to be interested in a total of 922,249,964 Shares and underlying Shares.
12. Hongshan is a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Wu Yongming. Pursuant to the SFO, Mr. Wu Yongming was interested in and deemed to be interested in a total of 922,249,964 Shares and underlying Shares.

Save as disclosed above, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 June 2022.

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.

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.

OTHER INFORMATION

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Staff are encouraged to pursue educational or training opportunities that achieve personal growth and professional development. The Group has also introduced a set of training systems and procedure, including, orientation training, regular staff training and professional training.

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted the Share Award Plan on 24 March 2014 and the Share Option Scheme on 13 June 2014. Please refer to the section headed "Share Award Plan And Share Option Scheme" in this interim report for details.

CHANGE OF DIRECTOR'S INFORMATION

The change in directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the annual report of the Company for the year ended 31 December 2021 is set out below:

- (1) The annual remuneration of each of Mr. Lo and Mr. Li Jinping as executive Directors have been reduced to HK\$1,075,200 and HK\$537,600, respectively with effect from 27 June 2022. The remuneration adjustment has been covered by the service contracts signed between the Company and each of Mr. Lo and Mr. Li Jinping respectively on 12 March 2020 and 24 August 2020, which allow remuneration adjustment to be made once a year subject to the discretionary decision made by the Board.
- (2) With effect from 17 June 2022, Mr. Li Jun and Mr. Li Jinping have been appointed as directors of Hangzhou Century Sage, a wholly-owned subsidiary of the Company.

Save as disclosed above, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

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 Group has applied these principles and adopted all code provisions, where applicable, of the CG Code as our own code of corporate governance. The Directors consider that the Company has complied with the applicable code provisions under the 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 the chief executive should be clearly established and set out in writing. 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 of the Group 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.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three members, all of whom are independent non-executive Directors, namely Dr. Yu Guo Jie, Mr. Cui Xiao Bo and Mr. Ma Zhan Kai. 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.

This interim report is unaudited but have been reviewed by the Audit Committee. 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | 30 June 2022 RMB'000 Unaudited | 31 December 2021 RMB'000 Audited |
|---|------|---|---|
| Assets | | | |
| Non-current assets | | | |
| 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 |
| Total non-current assets | | 77,495 | 77,964 |
| Current assets | | | |
| 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 ("FVPL") | 12 | – | 51,002 |
| Pledged bank deposits | | 839 | 801 |
| Bank balances and cash | | 39,820 | 60,063 |
| Total current assets | | 297,798 | 344,717 |
| Total assets | | 375,293 | 422,681 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | 30 June 2022 RMB'000 Unaudited | 31 December 2021 RMB'000 Audited |
|---|------|---|---|
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| 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) |
| | | 55,000 | 65,800 |
| Non-controlling interests | | 13,880 | 22,594 |
| Total equity | | 68,880 | 88,394 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Bank and other borrowings | 17 | 16,928 | 19,301 |
| Convertible bonds | 18 | 13,040 | 6,894 |
| Lease liabilities | | 901 | 1,620 |
| Total non-current liabilities | | 30,869 | 27,815 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | 30 June 2022 RMB'000 Unaudited | 31 December 2021 RMB'000 Audited |
|--|------|---|---|
| Current liabilities | | | |
| Contract liabilities | 14 | 19,887 | 31,068 |
| Trade and other payables | 19 | 140,693 | 121,475 |
| Current income tax liabilities | | 7,535 | 7,621 |
| Lease liabilities | | 2,929 | 2,559 |
| Bank and other borrowings | 17 | 104,500 | 143,749 |
| Total current liabilities | | 275,544 | 306,472 |
| Total liabilities | | 306,413 | 334,287 |
| Total equity and liabilities | | 375,293 | 422,681 |
| Net current assets | | 22,254 | 38,245 |
| Total assets less current liabilities | | 99,749 | 116,209 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | |
|--|---------------------------------------|--------------------------|---------------------------|------------------------------|------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Other reserves RMB'000 | Retained earnings RMB'000 | Total RMB'000 |
| Unaudited | | | | | |
| Balance at January 1, 2022 | 8,694 | 281,110 | (35,869) | (188,135) | 65,800 |
| Comprehensive loss | | | | | |
| Loss for the period | - | - | - | (27,003) | (27,003) |
| Other comprehensive loss | | | | | |
| — currency translation differences | - | - | (2,242) | - | (2,242) |
| Total comprehensive loss for the period ended 30 June 2022 | - | - | (2,242) | (27,003) | (29,245) |
| Transactions with owners | | | | | |
| Employees share award plan — value of employee services (Note 16) | 139 | - | 18,306 | - | 18,445 |
| Total transactions with owners, recognised directly in equity | 139 | - | 18,306 | - | 18,445 |
| Balance as at 30 June 2022 | 8,833 | 281,110 | (19,805) | (215,138) | 55,000 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | |
|--|---------------------------------------|--------------------------|---------------------------|------------------------------|------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Other reserves RMB'000 | Retained earnings RMB'000 | Total RMB'000 |
| Unaudited | | | | | |
| Balance at January 1, 2021 | 8,290 | 269,212 | (59,819) | (136,800) | 80,883 |
| Comprehensive loss | | | | | |
| Loss for the period | – | – | – | (20,916) | (20,916) |
| Other comprehensive loss | | | | | |
| — currency translation differences | – | – | (537) | – | (537) |
| Total comprehensive loss for the period ended 30 June 2021 | – | – | (537) | (20,916) | (21,453) |
| Transactions with owners | | | | | |
| Share option forfeited during the period | – | – | (27) | 27 | – |
| Employees share option scheme — value of employee services (Note 16) | – | – | 45 | – | 45 |
| Total transactions with owners, recognised directly in equity | – | – | 18 | 27 | 45 |
| Balance as at 30 June 2021 | 8,290 | 269,212 | (60,338) | (157,689) | 59,475 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended 30 June | |
|---|------------------------------|------------------------------|
| | 2022 RMB'000 Unaudited | 2021 RMB'000 Unaudited |
| Cash flows from operating activities | | |
| Cash (used in)/generated from operations | (16,327) | 13,270 |
| Interest paid | (5,161) | (3,435) |
| Income tax paid | (172) | (93) |
| Net cash (used in)/generated from operating activities | (21,660) | 9,742 |
| Cash flows from investing activities | | |
| 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 | – |
| Net cash generated from investing activities | 38,471 | 4,504 |
| Cash flows from financing activities | | |
| Proceeds from bank and other borrowings | 17,889 | 9,231 |
| Repayments of bank and other borrowings | (57,303) | (31,471) |
| Net cash used in financing activities | (39,414) | (22,240) |
| Net decrease in cash and cash equivalents | (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) |
| Cash and cash equivalents at end of the period | 39,820 | 3,930 |

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.

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

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:

| | Six months ended 30 June | |
|----------------------------------|------------------------------|------------------------------|
| | 2022 RMB'000 Unaudited | 2021 RMB'000 Unaudited |
| Segment revenue | | |
| Application solutions | 61,753 | 76,207 |
| New media services | 52,886 | 7,736 |
| Sales of self-developed products | 16,301 | 23,260 |
| System maintenance services | 6,213 | 3,845 |
| Total | 137,153 | 111,048 |

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

4. SEGMENT INFORMATION *(Continued)*

| | Six months ended 30 June | |
|----------------------------------|------------------------------|------------------------------|
| | 2022 RMB'000 Unaudited | 2021 RMB'000 Unaudited |
| Segment cost | | |
| Application solutions | (48,413) | (67,538) |
| New media services | (23,509) | (3,037) |
| Sales of self-developed products | (5,957) | (8,583) |
| System maintenance services | (4,401) | (3,038) |
| Total | (82,280) | (82,196) |
| Segment gross profit | | |
| Application solutions | 13,340 | 8,669 |
| New media services | 29,377 | 4,699 |
| Sales of self-developed products | 10,344 | 14,677 |
| System maintenance services | 1,812 | 807 |
| Total | 54,873 | 28,852 |

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

5. OTHER (LOSSES)/GAINS, NET

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

6. INTERESTS IN AN ASSOCIATE

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

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

6. INTERESTS IN AN ASSOCIATE *(Continued)*

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 2022 RMB'000 Unaudited | 31 December 2021 RMB'000 Audited |
|-------------|---|---|
| Assets | 48,738 | 46,059 |
| Liabilities | 21,170 | 19,535 |
| Net assets | 27,568 | 26,524 |

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

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

7. FINANCIAL COSTS, NET

| | Six months ended 30 June | |
|---|------------------------------|------------------------------|
| | 2022 RMB'000 Unaudited | 2021 RMB'000 Unaudited |
| Finance expenses | | |
| 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 (Note 18) | (1,436) | – |
| Net foreign exchange gain/(loss) | 4,051 | (857) |
| | (3,166) | (9,928) |
| Finance income | | |
| Interest income on short-term bank deposits | 95 | 11 |
| Finance costs, net | (3,071) | (9,917) |

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

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.

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

8. INCOME TAX EXPENSE *(Continued)*

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:

| | Six months ended 30 June | |
|---------------------------|------------------------------|------------------------------|
| | 2022 RMB'000 Unaudited | 2021 RMB'000 Unaudited |
| Current income tax | (85) | (93) |
| Income tax expense | (85) | (93) |

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).

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

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

11. TRADE AND OTHER RECEIVABLES

| | As at | |
|--|---|---|
| | 30 June 2022 RMB'000 Unaudited | 31 December 2021 RMB'000 Audited |
| Trade receivables | | |
| — from third parties | 190,254 | 154,965 |
| — from an associate | 3,671 | 3,671 |
| | 193,925 | 158,636 |
| Less: provision for impairment of trade receivables | (50,362) | (57,101) |
| Trade receivables — net | 143,563 | 101,535 |
| Other receivables | | |
| 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 |
| | 54,255 | 52,850 |
| Less: provision for impairment of deposit paid for acquisition of a subsidiary | (16,934) | (16,934) |
| | 37,321 | 35,916 |
| Total trade and other receivables | 180,884 | 137,451 |

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

11. TRADE AND OTHER RECEIVABLES (Continued)

| | As at | |
|--|---|---|
| | 30 June 2022 RMB'000 Unaudited | 31 December 2021 RMB'000 Audited |
| Less: Non-current portion | | |
| 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) |
| Non-current portion | 5,026 | 3,017 |
| Current portion | 175,858 | 134,434 |

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 |
| | 193,925 | 158,636 |

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

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 | 23,558 | 25,147 |

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

14. CONTRACT LIABILITIES

| | As at | |
|-------------------------------------|---|---|
| | 30 June 2022 RMB'000 Unaudited | 31 December 2021 RMB'000 Audited |
| Contract liabilities to third party | 19,887 | 31,068 |
| | 19,887 | 31,068 |

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 | 1,106,923,169 | 11,069 | 8,833 | 281,110 | 289,943 |
| Balance at 1 January 2021 and 30 June 2021 | 1,041,243,169 | 10,412 | 8,290 | 269,212 | 277,502 |

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

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:

| | Number of awarded shares |
|-------------------|---|
| At 1 January 2022 | – |
| Granted | 17,040,000 |
| Vested | (10,224,000) |
| At 30 June 2022 | 6,816,000 |

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.

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

16. SHARE BASED PAYMENTS *(Continued)*

(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.

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

16. SHARE BASED PAYMENTS *(Continued)*

(ii) Share Option Scheme *(Continued)*

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

| | 2017 Scheme | 2018 Scheme | 2020 Scheme |
|---------------------------------------|----------------|----------------|----------------|
| 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) | – |
| At 30 June 2021 | 5,000,000 | 48,540,000 | 7,000,000 |

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.

| | 2017 Scheme | 2018 Scheme | 2020 Scheme |
|---------------------|----------------|----------------|----------------|
| 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% |

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

16. SHARE BASED PAYMENTS *(Continued)*

(iii) Share-based payment expenses

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

| | Six months ended 30 June | |
|---------------------|------------------------------|------------------------------|
| | 2022 RMB'000 Unaudited | 2021 RMB'000 Unaudited |
| Share Award Plan | 18,445 | – |
| Share Option Scheme | – | 45 |
| Total | 18,445 | 45 |

17. BANK AND OTHER BORROWINGS

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

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.).

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

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.

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

18. CONVERTIBLE BONDS *(Continued)*

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 announcement dated 30 July 2021, announcement dated 27 September 2021, circular dated 6 September 2021 and composite document dated 7 September 2021.

| | Liability Component | Deferred day-one loss | Total |
|---|--------------------------------|----------------------------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 |
| | Unaudited | Unaudited | 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 |
| Carrying amount as at 30 June 2022 | 33,607 | (20,567) | 13,040 |

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

18. CONVERTIBLE BONDS (Continued)

| | Liability Component | Deferred day-one loss | Total |
|--|--------------------------------|----------------------------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 |
| | Audited | Audited | 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) |
| Carrying amount as at 31 December 2021 | 30,874 | (23,980) | 6,894 |

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

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 |
| | 140,693 | 121,475 |

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 |
| | 56,485 | 52,233 |

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

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 |
| | RMB'000 | RMB'000 |
| | Unaudited | Unaudited |
| Loss attributable to owners of the Company (in RMB'000) | (27,003) | (20,916) |
| Weighted average number of ordinary shares in issue (in thousand) | 1,097,457 | 1,041,243 |
| Basic loss per share (RMB cents per share) | (2.46) | (2.01) |

(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.

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

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) |
| Total identifiable net assets | 10,801 |
| Total identifiable net assets attribute to owner of the company | 5,079 |
| Gain on disposal of subsidiary | 5,560 |
| Total consideration receivable | 10,639 |
| Analysis of net outflow of cash and cash equivalents in respect of disposal of a subsidiary: | |
| Bank balances and cash disposed | (256) |

22. CONTINGENCIES

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