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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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 55% EQUITY INTEREST IN THE TARGET COMPANY: SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT

The Board announces that on 10 January 2018 (after trading hours), the Company, the Vendor, Mr. Li and the Target Company entered into the Supplemental Agreement pursuant to which the parties agreed that the provisions regarding the adjustment to the Consideration in the Agreement shall be deleted.

UPDATE ON LISTING RULES IMPLICATIONS

As certain of the relevant applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition (including the Amendment) as contemplated under the Agreement (as amended by the Supplemental Agreement) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor directly owns as to 35% equity interest in the Target Company (a non wholly-owned subsidiary of the Company) and is a director of the Target Company. Accordingly, the Vendor is a connected person of the Company at the subsidiary level pursuant to the Listing Rules and the Acquisition (including the Amendment) constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given (i) the Board has approved the Supplemental Agreement and transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Acquisition (including the Amendment) as contemplated under the Agreement (as amended by the Supplemental Agreement) is subject to the reporting and announcement requirements only but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Reference is made to the Company's announcement dated 13 May 2016 ("**Announcement**") relating to the Company's acquisition of 55% equity interest in the Target Company. Terms used herein shall have the same meanings as defined in the Announcement.

Completion took place on 13 July 2016 and 11,904,761 Shares were issued to the Vendor on 28 September 2016 as part of the Consideration. Upon Completion and as at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company and is held indirectly as to approximately 55% by the Company, directly as to approximately 35% by the Vendor and approximately 10% by a limited partnership established under the laws of the PRC in which the Vendor is interested as to 26.8%. The Vendor is also a director of the Target Company as at the date of this announcement. Accordingly, the Vendor is a connected person of the Company at the subsidiary level pursuant to the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Li is an Independent Third Party.

THE SUPPLEMENTAL AGREEMENT

The Board announces that on 10 January 2018 (after trading hours), the Company, the Vendor, Mr. Li and the Target Company entered into a supplemental agreement ("**Supplemental Agreement**"), pursuant to which the parties agreed that the provisions regarding the adjustment to the Consideration in the Agreement shall be deleted ("**Amendment**").

Prior to the Amendment, in the event that the Actual Profit does not meet RMB20 million, the Consideration shall be adjusted downwards on a dollar-to-dollar basis and the shortfall shall be payable by the Vendor to the Target Company. Conversely, in the event that the Actual Profit exceeds RMB20 million, the Consideration shall be adjusted upwards and the Company shall issue the Additional Consideration Shares to the Original Shareholders, in proportion to their equity interest then held in the Target Company, in addition to those already issued to the Vendor as part of the Consideration. Further information of the adjustment mechanism to the Consideration is set out in the Announcement.

Upon the Amendment, no adjustment to the Consideration will be made whether the Actual Profit is more than or less than RMB20 million.

Save as the Amendment, all other terms and conditions in the Agreement shall remain unchanged and continue in full force and effect.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

As stated in the 2017 interim report of the Company, under the favourable government policies in the PRC, the Group is further expanding its business and is optimistic about the prospects of the development of the all-media industry. For the financial year ended 31 December 2016, the Target Company recorded net profit after taxation of approximately RMB5.82 million, which exceeded its target net profit after taxation for the year ended 31 December 2016 as set out in the Agreement. Based on the management accounts of the Target Company for the year ended 31 December 2017, its net profit after taxation is expected to exceed its target net profit after taxation for the year ended 31 December 2017 as set out in the Agreement. Hence, based on the financial performance of the Target Company for the two years ended 31 December 2017 and the current business operations of the Target Company, the Company believes that it is highly probable that the Target Company would be able to meet the Actual Profit as set out in the Agreement.

Taking into account the following factors, the parties agreed to terminate the adjustment mechanism to the Consideration after arm's length negotiation:

- (i) the Board is optimistic about the financial performance of the Target Company based on the macro-economic situation in the PRC. The net profit after taxation of the Target Company for the year ended 31 December 2016 has exceeded its target net profit after taxation for the year ended 31 December 2016 as set out in the Agreement, and the net profit after taxation of the Target Company for the year ended 31 December 2017 is expected to exceed its target net profit after taxation for the year ended 31 December 2017 as set out in the Agreement based on its management accounts. The Board expects a steady growth in the financial performance of the Target for the year ending 31 December 2018 and in the coming few years ahead based on the fact that the Target Company has secured a series of contracts from traditional media companies in 2017 for the construction of merged media infrastructures and the growing demand for products and application solution services for merged media by social medias across the nation;
- (ii) since the Acquisition, the Vendor remained as a shareholder and a director of the Target Company who has been responsible for the operations of the Target Company. As the parties believe that the business operations of the Target Company is developing stably, the Board believes that the Amendment could provide incentive to the Vendor to continue to concentrate on the business development of the Target Company for long term benefit of the Target Company as a whole; and
- (iii) the Amendment can minimise future administrative expenses for the implementation of adjustment to the Consideration (if applicable).

Based on the above reasons, the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

UPDATED FINANCIAL INFORMATION OF THE TARGET COMPANY

According to the unaudited management accounts of the Target Company, the net asset value of the Target Company was approximately RMB27.01 million as at 31 December 2017.

The net profits of the Target Company before and after taxation and extraordinary items for the year ended 31 December 2016 were approximately RMB6.48 million and RMB5.82 million respectively. The net profits of the Target Company before and after taxation and extraordinary items for the year ended 31 December 2015 were approximately RMB1.73 million and RMB1.68 million respectively.

UPDATE ON LISTING RULES IMPLICATIONS

As certain of the relevant applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition (including the Amendment) as contemplated under the Agreement (as amended by the Supplemental Agreement) are more than 5% but less than 25%, the Acquisition (including the Amendment) constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor directly owns as to 35% equity interest in the Target Company (a non wholly-owned subsidiary of the Company) and is a director of the Target Company. Accordingly, the Vendor is a connected person of the Company at the subsidiary level pursuant to the Listing Rules and the Acquisition (including the Amendment) constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiry and based on the information currently available, save as disclosed above and the 11,904,761 Shares held by the Vendor, representing approximately 1.17% of the total issued share capital of the Company as at the date of this announcement, the Vendor is not a connected person at the issuer level pursuant to the Listing Rules.

Given (i) the Board has approved the Supplemental Agreement and transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Acquisition (including the Amendment) as contemplated under the Agreement (as amended by the Supplemental Agreement) is subject to the reporting and announcement requirements only but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

None of the Directors is considered to have material interest in the Acquisition (including the Amendment) as contemplated under the Agreement (as amended by the Supplemental Agreement) and therefore none of the directors was required to abstain from voting at the Board meeting approving the Supplemental Agreement and the transactions contemplated thereunder.

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

Hong Kong, 10 January 2018

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