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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 TRANSACTION IN RELATION TO DISPOSAL OF 55% EQUITY INTEREST IN THE TARGET COMPANY FURTHER ANNOUNCEMENT

Reference is made to the Company's announcement dated 9 November 2018 ("**Disposal Announcement**") relating to the disposal of the Sale Interest to the Purchaser. Terms used herein shall have the same meanings as defined in the Disposal Announcement.

Besides the factors set out under the paragraph headed "Basis of the Consideration" in the Disposal Announcement, the Directors considered the following factors when determining the Consideration:

1. Pursuant to the negotiation between the Company and the Purchaser in respect of the Disposal, the price to earnings ratio adopted was approximately 10. The Directors are of the view that the price to earnings ratio adopted was fair and reasonable taking into account the financial conditions of the Target Company, the market conditions, and the benefits expected to be brought to the Target Company and the Group as explain in the paragraph headed "Reasons and benefits of the Disposal" in the Disposal Announcement and point 5 below.
2. It is expected that the Company will recognise gain from the Disposal in the event the Consideration will be received in full or in part(s) in accordance with the payment schedule as set out in the paragraph headed "Consideration" in the Disposal Announcement.
3. The Company is confident that the Outstanding Obligations will be fulfilled by the intended deadline (i.e. 30 September 2019) because the Outstanding Obligations comprised amounts due from the Subsidiary or its Related Parties to the Target Company, outstanding bank loans taken out by the Target Company (but of which the proceeds are used by the Subsidiary or its Related Parties) and the release of guarantee given by the Target Company in respect of bank borrowings of a member of the Group, which should all be capable of being done by the Group. Hence, it is unlikely that the

Subsidiary will be required to pay the penalty fee of RMB10,000 per day to the Purchaser for each day when the Outstanding Obligations remain outstanding (“**Penalty Clause**”). The Directors are of the view that the Penalty Clause is on normal commercial term and is fair and reasonable because the Purchaser will suffer from contingent liabilities if the Outstanding Obligations are not fulfilled. Besides, it is not uncommon in the market for intended purchaser(s) of equity interest in a company to require amount due from related parties to be settled.

4. The Company believed that the net profit of the Target Company for the three years ending 31 December 2020 is likely to exceed RMB21 million based on, among others, the increasing trend in the net profit of the Target Company over the past two financial years. Even if the Target Company fails to meet the Minimum Profit Target, the Directors believe that the Target Company will still be able to benefit from the brand name of Wanda group and the increase in its exposure in sports events. Besides, the Group will be able to utilise part(s) of the Consideration received (i.e. RMB22.0 million and the Second Payment) as its general working capital and its other business needs before it is to be refunded to the Purchaser pursuant to the refund arrangement as set out in the paragraph headed “Failure to meet the Minimum Profit Target” in the Disposal Announcement.
5. In addition to the benefits of the Disposal as disclosed in the paragraph headed “Reasons and benefits of the Disposal” in the Disposal Announcement, to the best knowledge of the Directors and based on public information, Wanda group is one of the market leaders around the world specialising in, among others, sports events organisation and operation. Wanda group has strong capabilities, resources and expertise in broadcasting international sports events, and it intends to enhance its capabilities in broadcasting domestic sports events. Since 2016, the Target Company has been cooperating with the Wanda group in the organisation, operation, promotion and execution of triathlon races in China, and Wanda group has been an important client to the Target Company. The Directors believe that the following business synergies can be created between Wanda group and the Target Company after the Disposal:
 - (i) currently, the major domestic sports events organised by Wanda group include triathlon races and UCI world bicycle races. With the strong event production and broadcasting experience and technological capabilities of the Target Company, Wanda group may benefit from enhancing its skills in broadcasting domestic sports events thereby enhancing its market share in broadcasting domestic sports events; and
 - (ii) with the international footprints and experience in broadcasting important international sports events, the Target Company will benefit by increasing its exposure to international sports events and broadening its customer base. In respect of domestic sports events, the Target Company will be able to enhance its competitiveness in securing the broadcasting rights of certain large-scale sports events.

Although the Target Company will cease to become a subsidiary of the Group upon Completion, the Directors are of the view that the Target Company will be able to realise a higher investment return to the Group after Completion (as compared to the Disposal has not taken place) under its collaboration with the Wanda group which is a market leader around the world in the field of, among others, sports events organisation and operation. Therefore, the Target Company is expected to generate more investment returns to the Group after the Disposal.

Based on the above factors, the Directors consider that the terms of the Disposal, including the amount of the Consideration, the settlement and compensation arrangement of the Outstanding Obligations, the payment term of the Consideration and the adjustment mechanism to the Consideration, are on normal commercial terms, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

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

Hong Kong, 4 December 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.