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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)

SHARE TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE AGREEMENT

The Board is pleased to announce that, after trading hours on 14 May 2019, the Company, the Vendors and the Target Company entered into the Agreement in relation to the acquisition of the entire equity interest in the Target Company at an aggregate consideration of RMB5.88 million which will be satisfied as to (i) RMB1.88 million in cash; and (ii) the allotment and issue of the Consideration Shares.

LISTING RULES IMPLICATIONS

As the percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are less than 5% and the Acquisition involves the allotment and issue of the Consideration Shares, the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements.

THE AGREEMENT

The Board is pleased to announce that, after trading hours on 14 May 2019, the Company, the Vendors and the Target Company entered into the Agreement in relation to the acquisition of the entire equity interest in the Target Company by a Group Company at an aggregate consideration of RMB5.88 million.

Major terms of the Agreement are set out below:

Date:

14 May 2019

Parties:

- (1) The Company
- (2) The Vendors
- (3) The Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are the legal and beneficial owner of the entire equity interest of the Target Company, each of the Target Company and the Vendors is an Independent Third Party.

Assets to be acquired:

Pursuant to the Agreement, a Group Company will acquire the equity interest in the Target Company from the Vendors.

Consideration

Pursuant to the Agreement, the Consideration is RMB5.88 million which comprises the following:

- (a) RMB1.88 million (the "**Cash Payment**") in cash which shall be settled in the manner set out in the paragraph headed "Settlement of the Cash Payment" below; and
- (b) an aggregate of 20,942,408 new Consideration Shares of an equivalent value of RMB4 million will be issued to the Vendors, of which 17,801,047 new Consideration Shares will be issued to Mr. Geng and 3,141,361 new Consideration Shares will be issued to Mr. Liu.

The Consideration Share Issue Price is HK\$0.222 and the relevant foreign exchange rate shall be HK\$1:RMB0.86036. The allotment and issue of the Consideration Shares shall be completed within 45 days after the Completion Date. The Consideration Shares shall be subject to lock-up for a period of 36 months commencing from the month immediately after the allotment and issue of the Consideration Shares to the Vendors.

Settlement of the Cash Payment

Upon Completion, the Target Company and the Vendors shall enter into an asset transfer agreement ("**Asset Transfer Agreement**") pursuant to which the Target Company shall transfer certain assets ("**Assets**") to the Vendors at a consideration of not less than RMB1.88 million ("**Asset Transfer Consideration**"). The book value of the Assets as at 31 March 2019 was approximately RMB1.88 million, which mainly comprise cash, inventories

and receivables. The transfer of Assets pursuant to the Asset Transfer Agreement shall be completed within 30 days upon Completion, after which the Vendors shall be indebted to the Target Company for the Asset Transfer Consideration (“**Debt**”).

Upon assignment of the Debt from the Target Company to the Company, the obligation of the Company to pay the Cash Payment to the Vendors will be offset by the obligation of the Vendors to pay the Debt to the Company. Therefore, there will not be actual cash outflow from the Company for the settlement of the Cash Payment.

Basis of the Consideration

The Consideration was determined based on normal commercial terms and after arm’s length negotiations between the Company and the Vendors after taking into account (i) the reasons and benefits of the Acquisition as described under the paragraph headed “Reasons for and benefits of the Acquisition” below; and (ii) the business development and prospect of the Target Company.

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

Allotment and issue of Consideration Shares under general mandate

Pursuant to the Agreement, an aggregate of 20,942,408 new Consideration Shares of an equivalent value of RMB4 million will be issued to the Vendors, of which 17,801,047 new Consideration Shares will be issued to Mr. Geng and 3,141,361 new Consideration Shares will be issued to Mr. Liu. The Consideration Share Issue Price (i.e. HK\$0.222 per Consideration Share) was determined after arm’s length negotiations between the Company and the Vendors with reference to the recent closing prices of the Shares as quoted on the Stock Exchange. The Directors consider the Consideration Share Issue Price is fair and reasonable.

The Consideration Share Issue Price represents:

- (i) premium of 11% to the closing price of HK\$0.200 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (ii) premium of approximately 11% to the average closing price of HK\$0.199 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Agreement.

As at the date of this announcement, the Company has 1,020,300,761 Shares in issue. The Consideration Shares will be issued under the general mandate to allot, issue or deal in Shares granted to the Directors by a resolution of the Shareholders passed at the Company’s annual general meeting held on 6 June 2018 (“**General Mandate**”). Accordingly, the allotment and issue of the Consideration Shares is not subject to further Shareholders’ approval. Under the General Mandate, the Company is authorised to issue up to 204,060,152 Shares (representing 20% of the total number of issued Shares as at the date of the said annual general meeting). As at the date of this announcement, no Shares have been issued

pursuant to the General Mandate. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares. The nominal value of the Consideration Shares is HK\$209,424.08.

The Consideration Shares represent approximately 2.05% of the Shares in issue as at the date of this announcement and approximately 2.01% of the Shares as enlarged by the Consideration Shares (assuming there is no change in the total number of issued Shares between the date of this announcement and the date of allotment and issue of the Consideration Shares). The Consideration Shares will, upon issue, be credited as fully paid, and will rank pari passu in all respects with all the Shares then in issue on the date of the allotment and issue of the Consideration Shares.

The Company has not conducted any fund raising activities in the past 12 months before the date of this announcement.

Completion

Completion shall take place within 20 Business Days after the date of signing of the Agreement, failing which the Company has the right to terminate the Agreement.

Other arrangement

Within 10 Business Days after Completion, each of Mr. Geng and Mr. Liu shall enter into an employment agreement with the Group for a term of not less than three years from the date of the employment agreement, as well as agreements in relation to confidentiality and non-competition.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC and is principally engaged in, among others, the research and development and sales of professional video products, and transmission and communication equipment.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group is a China-based one-stop provider of hardware and software All-Media application solutions to facilitate content production, broadcast and transmission; system maintenance services; and sales of self-developed products.

Financial information of the Target Company

The Target Company was established in the PRC in March 2018. According to the unaudited management accounts of the Target Company, the total asset value and net asset value of the Target Company was approximately RMB2.21 million and RMB2.20 million as at 31 December 2018. The net loss of the Target Company before and after taxation and extraordinary items for the year ended 31 December 2018 were approximately RMB0.53 million and RMB0.53 million respectively.

After Completion, the Target Company will be wholly owned by the Company. Accordingly, the financial results of the Target Company will be consolidated into the financial results of the Company.

REASONS AND BENEFITS OF THE ACQUISITION

According to the “Outline on the National Information Technology Development Strategy (《國家信息化發展戰略綱要》)” issued by the PRC government in 2016, it is expected that the information technology related expenses (信息消費總額) and the e-commerce transaction amount will reach RMB6 trillion and RMB38 trillion, respectively, by 2020 and it is expected that the amounts will be doubled by 2025. As the Target Company is principally engaged in, among others, the research and development and sales of professional video products, and transmission and communication equipment, the Directors believe that the Acquisition will diversify the Group’s self-developed product line and bring in more talents to the Group for the Group’s research and development of video and transmission products, including Mr. Geng and Mr. Liu who possessed more than 15 years of experience each in the industry.

Mr. Geng joined the Group in April 2012 and was appointed as an executive Director on 31 May 2013. He has been in charge of professional technical services of the Group in the PRC since joining the Group. He ceased to be an executive Director with effect from 12 March 2017 but continued to serve the Group by taking other management positions. He left the Group in March 2018 to pursue his other business engagements. Prior to joining the Group, Mr. Geng has held various senior positions in other companies in the All-Media industry where he was mainly responsible for sales and business development of these companies. The Group considered that Mr. Geng possesses valuable experience in the industry which will be able to assist the Group to achieve its business goals and to enhance its research and development capabilities.

Considering the above, by putting together the skills and techniques of the Group and the talents and resources of the Target Company, the Group’s technological capabilities can be further enhanced which in turn will be beneficial to the sales of self-developed products of the Group. Accordingly, the Directors believe that the Acquisition can strengthen the Group’s market position in the industry as a leading PRC-based All-Media solution provider.

Based on the factors mentioned above, the Directors are of the view that the terms, including the Consideration, of the Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are less than 5% and the Acquisition involves the allotment and issue of the Consideration Shares, the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company by a Group Company pursuant to the terms and conditions under the Agreement
“Agreement”	the equity transfer agreement dated 14 May 2019 entered into among the Company, the Vendors and the Target Company in relation to the Acquisition, the major terms of which are set out in the section headed “The Agreement” in this announcement
“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday(s), Sunday(s) and statutory holiday(s)) in the PRC
“Company”	Century Sage Scientific Holdings Limited (世紀睿科控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms and conditions under the Agreement (including the completion of the registration of transfer of equity interest under the Acquisition with the relevant industrial and commercial authority in the PRC)
“Completion Date”	the date on which Completion takes place
“Consideration”	the consideration for the Acquisition, being an aggregate of RMB5.88 million
“Consideration Shares”	an aggregate of 20,942,408 new Shares to be allotted and issued to the Vendors as part of the Consideration pursuant to the Agreement
“Consideration Share Issue Price”	the issue price per Consideration Share, i.e. HK\$0.222
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“Group Company”	any subsidiary of the Company from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Geng”	Mr. Geng Liang, a PRC citizen who was interested in 85% of the equity interest in the Target Company as at the date of this announcement and an Independent Third Party
“Mr. Liu”	Mr. Liu Yuan, a PRC citizen who was interested in 15% of the equity interest in the Target Company as at the date of this announcement and an Independent Third Party
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Satron Technologies Co., Ltd* (泰德星創(北京)科技有限公司), a limited liability company established in the PRC and was held by the Vendors as at the date of this announcement
“Vendors”	collectively, Mr. Geng and Mr. Liu
“%”	per cent.

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

Hong Kong, 14 May 2019

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

** For identification purposes only*