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Century Sage Scientific Holdings Limited

世紀睿科控股有限公司

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

(Stock Code: 1450)

GRANT OF AWARDED SHARES AND PROPOSED ISSUE OF NEW SHARES PURSUANT TO THE SHARE AWARD PLAN

GRANT OF AWARDED SHARES

This announcement is made pursuant to Rule 17.06A of the Listing Rules.

The Board announces that, on 10 January 2023, the Company granted 74,471,230 Awarded Shares to 68 Selected Participants under the Share Award Plan.

Details of the Awards are set out below:

Date of grant : 10 January 2023

Number of Selected Participants : 68

Number of Awarded Shares granted : 74,471,230 Awarded Shares, amongst which,

- (i) 17,947,630 Awarded Shares will be granted to 56 low to middle level employees of the Group who have made significant contribution and well performed in the Group (“1st Batch”);

- (ii) 10,345,400 Awarded Shares will be granted to 5 employees of the Group, who are senior level employees of various functional departments and the Douyin business department under the new media services segment, including 1,000,000 Awarded Shares to Ms. Zhao Hui Li (“**Ms. Zhao**”), an executive Director (the “**2nd Batch**”);
- (iii) 5,640,000 Awarded Shares will be granted to 5 employees of the Group, who are senior level employees of the Taobao business department under the new media services segment of the Group and other senior level employees who newly joined the Group in 2023 (the “**3rd Batch**”);
- (iv) subject to Independent Shareholders’ approval, 39,338,200 Awarded Shares will be granted to Mr. Li Liang (“**Mr. Li**”), an executive Director (the “**4th Batch**”); and
- (v) 1,200,000 Awarded Shares will be granted to a well-known advertising and marketing individual in China who has been providing advisory services to the Group (the “**Service Provider**”) to facilitate the business diversification and introduction of potential projects and client resources to the Group (the “**5th Batch**”).

The Board is of the view that the grant of the Awarded Shares under the 5th Batch to the Service Provider is appropriate and such grant aligns with the purpose of the Share Award Plan because the Service Provider has more than 10 year experience in the all media industry, abundant resources and great influence in the all media industry, especially in the new media services business. In 2022, she introduced a number of important marketing projects for the Group, which successfully raised the Group’s performance in the new media services segment and generated considerable revenue for the Group. The grant of Awarded Shares to the Service Provider will incentivise her to continue to enhance the Group’s capacity in all media industry by introducing high quality potential projects and client resources to the Group. In addition, the Awarded Shares granted to the Service Provider under the 5th Batch represent approximately 0.09% of the total Shares in issue as at the Adoption Date, which is below the Service Provider Sublimit (i.e. 5% of the total Shares in issued as at the Adoption Date).

Purchase price of the : Nil
Awarded Shares
granted

Closing price of the : HK\$1.88
Shares on the date of
grant

Vesting period and : In accordance with the terms of the Share Award Plan and
minimum holding on the premise of achieving the Performance Targets, the
period (if applicable) vesting period and minimum holding period of the Awarded
of the Awarded Shares granted under the 1st Batch are as follow:
Shares

% of the Awarded Shares granted	Vesting period (Note 1)	Minimum holding period (Note 2 and 3)
60% (10,768,578 Awarded Shares)	10 January 2023 to 28 February 2023	28 February 2023 to 30 November 2023
20% (3,589,526 Awarded Shares)	10 January 2023 to 31 July 2023	31 July 2023 to 30 April 2024
20% (3,589,526 Awarded Shares)	10 January 2023 to 31 January 2024	31 January 2024 to 31 October 2024

In accordance with the terms of the Share Award Plan and on the premise of achieving the Performance Targets, the vesting period of the Awarded Shares granted under the 2nd Batch are as follow:

% of the Awarded Shares granted	Vesting period (Note 1)
34% (3,517,436 Awarded Shares)	10 January 2023 to 31 July 2023
33% (3,413,982 Awarded Shares)	10 January 2023 to 31 July 2024
33% (3,413,982 Awarded Shares)	10 January 2023 to 31 July 2025

In accordance with the terms of the Share Award Plan and on the premise of achieving the Performance Targets, the vesting period of the Awarded Shares granted under the 3rd Batch are as follow:

% of the Awarded Shares granted	Vesting period <i>(Note 1)</i>
34% (1,917,600 Awarded Shares)	10 January 2023 to 31 January 2024
33% (1,861,200 Awarded Shares)	10 January 2023 to 15 January 2025
33% (1,861,200 Awarded Shares)	10 January 2023 to 30 January 2026

In accordance with the terms of the Share Award Plan and on the premise of achieving the Performance Targets, the vesting period of the Awarded Shares granted under the 4th Batch are as follow:

% of the Awarded Shares granted	Vesting period <i>(Note 1)</i>
34% (13,374,988 Awarded Shares)	10 January 2023 to 30 April 2024
33% (12,981,606 Awarded Shares)	10 January 2023 to 30 April 2025
33% (12,981,606 Awarded Shares)	10 January 2023 to 30 April 2026

In accordance with the terms of the Share Award Plan and on the premise of achieving the Performance Targets, the vesting period of the Awarded Shares granted under the 5th Batch are as follow:

% of the Awarded Shares granted	Vesting period <i>(Note 1)</i>
50% (600,000 Awarded Shares)	10 January 2023 to 31 January 2024
50% (600,000 Awarded Shares)	10 January 2023 to 15 January 2025

Note 1: The period starting from the grant date up to the vesting date of the relevant Awarded Shares.

Note 2: A period of nine months starting from the vesting date of the relevant Awarded Shares, during which the Selected Participants are prohibited from transferring or otherwise dealing with the vested Awarded Shares.

Note 3: The Company adopts different incentive measures for different types of employees with reference to their base salaries and job positions. As the low to mid level employees under the 1st Batch have a relatively lower average base salary as compared with the senior level employees, on the premise of achieving the Performance Targets, a shorter vesting period would improve the overall remuneration of such employees. In combination with the minimum holding period, they are encouraged to actively make long-term contributions to the Group. As the senior level employees and Directors under the 2nd Batch to 4th Batch has a relatively higher average base salary, the Company adopts a longer vesting period so as to retain them in the long run.

The vesting period for part of the Awarded Shares granted under 1st Batch and 2nd Batch are shorter than 12 months because (a) the vesting of the relevant Awarded Shares under 1st Batch and 2nd Batch is subject to the fulfillment of the relevant Performance Targets, (b) in respect of 1st Batch, the total vesting and minimum holding period (as calculated by weighted average) is more than 12 months and (c) in respect of 2nd Batch, it has a mixed vesting schedule, such that the relevant Awarded Shares vest evenly over a period of 3 years, which are specific circumstances permitted by the rules of the Share Award Plan.

Other than granting Awarded Shares to Ms. Zhao under the 2nd Batch and Mr. Li under the 4th Batch, no Awarded Shares are granted to other Directors or senior managers of the Company under the Awards.

The remuneration committee of the Company (with Ms. Zhao abstaining from voting in respect of the Awarded Shares proposed to be granted to her) is of the view that the grant of the 1,000,000 Awarded Shares to Ms. Zhao under the 2nd Batch with a vesting period shorter than 12 months is appropriate because of the following reasons:

- (i) Ms. Zhao has been appointed as an executive Director, a member of the remuneration committee and investment committee of the Company since September 2021. She is responsible for formulating the business strategies and overseeing the human resources management function of the Group. With her ample experience in the all-media industry, Ms. Zhao has played an instrumental role in leading the Group to achieve the significant growth of the new media service segment (especially the live streaming business) of the Group since her appointment to the Group. In particular, Ms. Zhao has assisted the Group in signing several cooperation agreements with several important customers such as Douyin E-commerce Entities and ZHI-TECH (as defined in the announcements of the Company dated 5 August 2022 and 5 May 2022, respectively). The signing of these cooperation agreements is an important sign that the Group is recognized by the top new media service providers in China, and the performance of the Group will improve substantially from its cooperation with these important clients. In addition, as the head of human resources department, Ms. Zhao successfully (a) implemented human resources policy to recruit and reserve more talents in various functions to enhance the competitiveness of the Group, (b) trained employees to continuously improve their business and job awareness and provided them with a good working experience, and also (c) implemented flexible human resources arrangement to adapt with the challenges brought by the epidemic, which has significantly contributed to maintaining and improving the Group's operational capacity. The grant of Awarded Shares to Ms. Zhao serves as a recognition of her past contribution to the Group and incentivise her to continuously contribute to the operation, development and long-term growth of the Group; and

(ii) the vesting of Awarded Shares granted to Ms. Zhao will be conditional upon the achievement of her Performance Targets including, among others, the completion rate of various strategic projects, the completion rate of recruitment and the qualification rate of talent development.

Performance targets of the Awarded Shares : The Company has established an appraisal mechanism to evaluate the performance of each Selected Participant on an semi-annual basis for his/her half year performance from 1 January to 30 June each year (“**Half Year Performance Evaluation**”) and full year performance from 1 January to 31 December each year (“**Full Year Performance Evaluation**”). The performance targets of the Awarded Shares are individualised based on the job nature and job positions of each Selected Participant and the projected market and business conditions for the period covered by the Half Year Performance Evaluation and the Full Year Performance Evaluation.

The performance targets of the Awarded Shares granted under the 1st Batch include, among others, settled gross mechanise value (GMV), settled revenue, gross profit, project implementation completion, accuracy of cost analysis and control, live streaming accident rate, media traffic delivery effectiveness and customer satisfaction level. If a Selected Participant meets the Performance Targets under his/her most recent Half Year Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to him/her for that vesting period will be vested in full.

The performance targets of the Awarded Shares granted under the 2nd Batch include, among others, settled GMV, settled revenue, gross profit, completion ratio of material projects, efficiency of business and financial system and improvement level for medium and long-term informatization strategic planning and implementation planning. If a Selected Participant meets the Performance Targets under his/her most recent Half Year Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to him/her for that vesting period will be vested in full.

The performance targets of the Awarded Shares granted under the 3rd Batch include, among others, settled GMV, settled revenue, gross profit, and effectiveness of investor relations. If a Selected Participant meets the Performance Targets under his/her most recent Half Year Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to him/her for that vesting period will be vested in full.

The performance targets of the Awarded Shares granted under the 4th Batch include, among others:

- (a) Operational performance targets: improve branded assets, enhance operational efficiency, adopt management philosophy which achieves the Company's structural objectives, strengthen corporate governance and create a good corporate culture in order to enhance the overall operational capability and efficiency of the Group, which may involve specific assessment indicators such as the improvement of the Company's human resources efficiency, the degree of improvement of the systems of the Group's departments, and the qualification rate of talent training; and
- (b) Financial performance targets: the audited revenue of new media services segment.

If Mr. Li only meets the operational performance targets under his most recent Half Year Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to him for that vesting period will be vested in accordance with the following schedule:

Vesting Period <i>(Note 1)</i>	Total number of Awarded Shares vested to Mr. Li for achieving operational performance targets only
10 January 2023 to 30 April 2024	6,687,494 (17% of the Awarded Shares granted to Mr. Li)
10 January 2023 to 30 April 2025	6,490,803 (16.5% of the Awarded Shares granted to Mr. Li)
10 January 2023 to 30 April 2026	6,490,803 (16.5% of the Awarded Shares granted to Mr. Li)
Total	19,669,100 (50% of the Awarded Shares granted to Mr. Li)

If Mr. Li meets the financial performance targets on the premise of achieving the operational performance targets under his most recent Half Year Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to him for that vesting period will be vested in accordance with the following schedule:

Vesting Period <i>(Note 1)</i>	Total number of Awarded Shares vested to Mr. Li for achieving both the operational performance targets and the financial performance targets
10 January 2023 to 30 April 2024	13,374,988 (34% of the Awarded Shares granted to Mr. Li)
10 January 2023 to 30 April 2025	12,981,606 (33% of the Awarded Shares granted to Mr. Li)
10 January 2023 to 30 April 2026	12,981,606 (33% of the Awarded Shares granted to Mr. Li)
Total	39,338,200 (100% of the Awarded Shares granted to Mr. Li)

The performance targets of the Awarded Shares granted under the 5th Batch include, number of successful new media marketing projects introduced to the Group, number of new media streamers introduced and improvement of the Group's overall marketing capability, indicators such as the number of new media content produced by the Group under the guidance of the Service Provider.

If the Service Provider meets the performance targets under her most recent Half Year Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to her for that vesting period will be vested in full.

- Clawback mechanism of the Awarded Shares :
- As disclosed in the Adoption Circular, any Award made to Selected Participant(s) shall lapse forthwith and be cancelled when the Board or the Committee shall at its absolute discretion determine in respect of a Selected Participant that:
- (a) the Selected Participant or his/her associate has committed any breach of any contract entered into between the Selected Participant or his/her associate on one part and any member of the Group or any Related Entity on the other part as the Board or the Committee may in its absolute discretion determine; or

- (b) the Selected Participant has fallen into any of the following conditions:
 - i. the results of the economic responsibility audit and other similar assessment(s) show that duties of the Selected Participant are not performed effectively or is in serious dereliction of duty or malfeasance;
 - ii. non-compliance with all relevant laws and regulations and the articles of association of the Company;
 - iii. during his/her term of office, the Selected Participant is subject to disciplinary actions by virtue of illegal behaviours, including but not limited to bribery, corruption, theft, leakage of the Group's business and technical secrets, damages to the Group's interests and reputation through related party transactions and resulting in material negative impact on the Group's image; and
 - iv. the Selected Participant fails to perform or fails to properly perform his/her duties, resulting in substantial asset losses and other serious adverse consequences to the Group; or
- (c) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted any criminal offence involving his integrity or honesty; or
- (d) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or
- (e) the Selected Participant has caused any material misstatement in the financial statements of the Company.

Arrangements, if any, for the Company or any of its subsidiaries to provide financial assistance to the Selected Participants to facilitate the purchase of Awarded Shares under the Share Award Plan : Not applicable

SHARES TO BE ISSUED AND NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

The new Shares that may be allotted and issued by the Company to satisfy the Awards represent approximately 5.68% of the total issued Shares of the Company as at the date of this announcement and the adoption date of the Share Award Plan. The Awarded Shares granted under the Awards, when issued and allotted, shall rank pari passu among themselves and with the fully paid Shares in issue. Neither the Selected Participants nor the trustee may exercise any voting rights in respect of any Awarded Shares that have not yet vested.

The number of Shares available for future grant after the grant of the Awards under the Share Mandate Limit and the Service Provider Sublimit of the Share Award Plan will be 56,655,869 Shares and 5,356,354 Shares, respectively.

REASONS OF THE AWARDS

The Group is a leading all-media service provider in China, mainly providing services of one-stop video application involving full-chain services including product sales, video content production, live streaming, and system maintenance to broadcasters, new media platforms and industrial customers, etc. The Group is always committed to leveraging on video technology and services to further expand the Group's service capabilities in the all-media market, especially the new media market.

The reasons for the grant of Awards is to (a) recognise and reward the contribution of the Selected Participants to the growth and development of the Group, (b) give incentives to attract and retain the Selected Participants for the continual operation and development of the Group, (c) attract suitable personnel for further development of the Group and (d) reward, incentivise and retain the employees under the new media segment (especially including live streaming business) for the significant growth of the new media services segment of the Group since 2019.

In respect of the Conditional Grant, the Board has considered that (i) Mr. Li's remuneration level prior to joining the Group, the Company's remuneration policy and remuneration structure; (ii) Mr. Li has abundant resources and experiences in the new media industry, he played an irreplaceable role in the successful introduction of the Group's services in several new media platforms after he joined the Group, introduced and brought in several experienced employees in the new media industry (especially in live streaming business), and directly contributed to significant growth in various operational indicators of the Group within a short period of time, (iii) Mr. Li has utilised his ample industry and management experience and demonstrated remarkable leadership in by achieving significant improvement in the organization operational efficiency and significantly enhancing customer satisfaction since he joined the Group and (iv) the vesting of the Awarded Shares under the Conditional Grant will be conditional upon the achievement of the Performance Targets, which include, among others, the financial performance targets related to the audited revenue of new media services segment. It is expected that the overall revenue of the Group will be increased significantly if those Performance Targets are met. Therefore, the Board is of the view that the Conditional Grant is the proper and appropriate way to recognise Mr. Li's contributions to the Group and to motivate him further in applying his extensive industry knowledge, management experience and excellent leadership to propel the development of the Group in the future.

The Board considers that the Awards align with the purpose of the Share Award Plan because the vesting of the Awarded Shares is conditional upon the achievement of respective Performance Targets by the Selected Participants. As the Selected Participants are presented with opportunities to acquire ownership in the Company, the Awards will incentivise the Selected Participants to continuously contribute and improve the business of the Group. As the Awards (inclusive of the Conditional Grant) will be satisfied by the issue and allotment of new Shares, there will not be any material cash outflow by the Group under the Awards (inclusive of the Conditional Grant). In light of the above, the Board considers that the number of Awarded Shares, the terms and conditions of the Awards as well as the issue and allotment of new Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 17.04(1) of the Listing Rules, any grant of Awarded Shares to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, under the Share Award Plan must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the Awards (if any)). On 10 January 2023, the grant of Awarded Shares to Ms. Zhao and Mr. Li was approved by all the independent non-executive Directors.

Pursuant to Rule 17.04(2) of the Listing Rules, where any grant of Awarded Shares (excluding grant of options) to a Director (other than an independent non-executive director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all Awarded Shares granted (excluding any Awarded Shares lapsed in accordance with the terms of the Share Award Plan) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of Awarded Shares must be approved by Shareholders in general meeting whereby such grantee and his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

As the total number of Shares issued and to be issued in respect of all Awarded Shares conditionally granted to Mr. Li (representing approximately 3.00% of the Shares in issue as at the date of this announcement) would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue, the Conditional Grant is subject to the approval by the Independent Shareholders, where Mr. Li, his associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution(s) at the EGM pursuant to the Listing Rules.

The EGM will be convened and held to consider, and if thought fit, approve, among other things, the Conditional Grant and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details in respect of the Conditional Grant; and (ii) the notice of the EGM will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

Each of Ms. Zhao and Mr. Li has abstained from approving the relevant board resolution on the award of the Awarded Shares to themselves under the Awards. Save as disclosed, none of the other Directors had any interest in the Awards and therefore no other Directors abstained from voting on the relevant resolution of the Board in respect of the Awards.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Adoption Circular”	the circular of the Company dated 18 November 2022 in relation to the proposed adoption of the Share Award Plan
“Adoption Date”	adoption date of the Share Award Plan
“Awarded Shares”	the Shares to be awarded to the Selected Participants under the Share Award Plan
“Awards”	the 74,471,230 Awarded Shares granted to the Selected Participants on 10 January 2023 pursuant to the Share Award Plan
“Board”	the board of the Directors
“Committee”	shall have the same meaning as defined in the Adoption Circular
“Company”	Century Sage Scientific Holdings Limited (Stock Code: 1450), a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Conditional Grant”	the conditional grant of 39,338,200 Awarded Shares to Mr. Li under the Share Award Plan
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Conditional Grant
“Group”	the Company and its subsidiaries
“Independent Shareholders”	any Shareholder who is not required to abstain from voting at the EGM, if necessary, and is required to vote at the EGM to approve the Conditional Grant
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Performance Targets”	the performance targets as set out in the paragraph headed “Performance targets of the Awarded Shares” in this announcement
“Share Award Plan”	the share award plan adopted by the Company on 8 December 2022, as amended from time to time
“Scheme Mandate Limit”	shall have the same meaning as defined in the Adoption Circular
“Service Provider Sublimit”	shall have the same meaning as defined in the Adoption Circular
“Selected Participant(s)”	the eligible person(s) selected by the Board for participation in the Share Award Plan in respect of the award of the Awarded Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Shareholders”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	Tricor Trust (Hong Kong) Limited

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

Hong Kong, 10 January 2023

As at the date of this announcement, the executive Directors are Mr. Lo Chi Sum, Mr. Li Jun, Mr. Li Liang and Ms. Zhao Hui Li, and the independent non-executive Directors are Mr. Cui Xiao Bo, Mr. Ma Zhan Kai and Dr. Yu Guo Jie.