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CMMB VISION HOLDINGS LIMITED
中國移動多媒體廣播控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The board (the "Board") of directors (the "Directors") of CMMB Vision Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	2012 US$	2011 US$
Continuing operations			
Revenue	4	266,227	—
Cost of sales		(408,502)	—
Other income	5	80	25,275
Administrative expenses		(1,524,172)	(1,364,576)
Advertising expenses		(51,032)	(52,799)
Research costs		—	(898,974)
Other expenses		(2,374,872)	(2,726,419)
Other gains and losses		(6,324,352)	(11,411,046)
Finance costs		(198,638)	(73)
Loss for the year from continuing operations	6	(10,615,261)	(16,428,612)
Discontinued operations			
Profit for the year from discontinued operations		—	22,473,883
(Loss) profit for the year		(10,615,261)	6,045,271
Other comprehensive expense			
Exchange differences arising on translation		—	(1,149,818)
Total comprehensive (expense) income for the year		(10,615,261)	4,895,453
(Loss) profit for the year attributable to owners of the Company:			
- from continuing operations		(9,900,497)	(16,418,676)
- from discontinued operations		—	22,473,883
		(9,900,497)	6,055,207
Loss for the year attributable to non-controlling interests:			
- from continuing operations		(714,764)	(9,936)
		(10,615,261)	6,045,271

	NOTES	2012 US$	2011 US$
Total comprehensive (expense) income attributable to:			
- Owners of the Company		(9,900,497)	4,905,389
- Non-controlling interests		(714,764)	(9,936)
Total comprehensive (expense) income for the year		(10,615,261)	4,895,453
			(Restated)
(Loss) earnings per share	7		
From continuing and discontinued operations			
- Basic and diluted		(0.019)	0.017
From continuing operations			
- Basic and diluted		(0.019)	(0.045)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	NOTES	**2012** **US$**	**2011** **US$**
NON-CURRENT ASSETS			
Property, plant and equipment		11,829	35,061
Intangible assets	8	24,150,191	1,504,506
		24,162,020	1,539,567
CURRENT ASSETS			
Trade and other receivables	9	1,199,869	1,173,401
Bank balances and cash		822,877	315,813
		2,022,746	1,489,214
CURRENT LIABILITIES			
Trade and other payables	10	1,881,270	1,216,839
Amount due to a director		—	375,806
Amount due to a related company		—	389,029
		1,881,270	1,981,674
NET CURRENT ASSETS (LIABILITIES)		141,476	(492,460)
		24,303,496	1,047,107
CAPITAL AND RESERVES			
Share capital	11	8,254,578	5,804,157
Share premium and reserves		(4,579,132)	(4,933,627)
Equity attributable to owners of the Company		3,675,446	870,530
Non-controlling interests		11,261,795	176,577
Total equity		14,937,241	1,047,107
NON-CURRENT LIABILITIES			
Convertible notes	12	3,553,372	—
Derivative financial instruments	12	5,032,258	—
Amount due to a related company		422,714	—
Amount due to a director		357,911	—
		9,366,255	—
		24,303,496	1,047,107

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group incurred a loss for the year from continuing operations of US$10,615,261 during the year ended 31 December 2012. In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the coming year taking into consideration the measures which include, but are not limited to, the following:

(a) During the year, the Group has commenced the operation of TV broadcasting services subsequent to the acquisition of CMMB Vision (USA) Inc. ("CMMB Vision (USA)"). A 3-year service contract has been entered into between CMMB Vision (USA) and China Central Television, a state-owned enterprise in the PRC ("CCTV"). The management is currently under negotiation with other parties for the provision of TV broadcasting services and is of the opinion that such service can provide a reliable and stable cash flow for the Group to operate.

(b) Subsequent to the acquisition of CMMB Vision (USA), the Group will offer the CMMB technological support originated from the PRC and provide contents to the overseas operating platform. Accordingly, in the opinion of the directors, no significant capital investment is required for the new business operation.

(c) The Group plans to further issue new shares to raise additional funds to improve its liquidity position.

(d) Chi Capital Holdings Limited ("Chi Capital"), a company controlled by Mr. Wong Chau Chi, has agreed to provide financial support to enable the Group to meet its financial obligation as they fall due in the foreseeable future.

Based on the aforesaid factors, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset; and
Amendments to HKFRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets.

The application of the above amendments in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009- 2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[4]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.

[2] Effective for annual periods beginning on or after 1 July 2012.

[3] Effective for annual periods beginning on or after 1 January 2015.

[4] Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipated that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

For the year ended 31 December 2012

	CMMB business US$	Trading business US$	Total US$
Continuing operations			
Segment revenue	149,197	117,030	266,227
Segment (loss) profit	(7,077,245)	19,357	(7,057,888)
Other income			80
Unallocated expenses			(1,879,763)
Share-based payments expense to consultants			(1,677,690)
Loss for the year			(10,615,261)

For the year ended 31 December 2011

	CMMB business US$
Continuing operations	
Segment revenue	—
Segment loss	(1,223,207)
Other income	25,275
Unallocated expenses	(2,668,504)
Research costs	(898,974)
Loss on fair value change of forward contract	(10,529,926)
Share-based payments expense to consultants	(1,133,276)
Loss for the year	16,428,612

4. REVENUE

Revenue represents the net amounts received and receivable for services provided by the Group in the normal course of business to outside customers, net of related taxes for the year.

Revenue of the Group is analysed as follows:

	2012 US$	2011 US$
Provision of agency services (note 1)	117,030	—
Provision of CMMB services (note 2)	149,197	—
	266,227	—

Notes:

(1) The Group carries out the agency services relating to procurement and distribution of PCB materials and generate agency income after the discontinuation of PCB operations. For the year ended 31 December 2011, the income generated from provision of agency services is not significant and recognised in other income.

During the current year, the management considered that agency income derived from the provision of agency services relating to PCB materials constituted as revenue of one of the Group's principal activities due to the expansion of such agency service to be recurring in nature. Therefore, the related agency income has been recorded as revenue for the year ended 31 December 2012.

(2) CMMB services represent the service income relating to transmitting the television channels to CCTV for broadcasting the television programs provided by CCTV in New York City subsequent to the acquisition of CMMB Vision (USA) during the year ended 31 December 2012.

5. OTHER INCOME

	2012 US$	2011 US$
Continuing operations		
Interest income	36	71
Agency service income	—	21,677
Others	44	3,527
	80	25,275

6. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2012 US$	2011 US$
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
- Salaries and allowances	307,632	414,032
- Retirement benefit scheme contributions	13,042	5,675
Total staff costs	320,674	419,707
Share-based payments expense to consultants (included in other expenses)	1,677,690	1,133,276
Amortisation of intangible assets (included in cost of sales)	357,402	—
Amortisation of intangible assets (included in other expenses)	170,321	28,387
Legal and professional fee (included in other expenses) (note)	526,861	1,564,756
Auditor's remuneration	154,839	141,935
Depreciation of property, plant and equipment	23,248	13,891

Note: The amounts represented legal and professional fee payable to consultants, advisors and other professional parties for development and acquisition of new business.

7. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share for the year is based on the following data:

	2012 US$	2011 US$
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	(9,900,497)	6,055,207

Number of shares (note)

	2012	2011 (restated)
Weighted average number of ordinary shares for the purposes of basis and diluted (loss) earnings per share	508,943,648	363,665,840

Note: The weighted average of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share for the year ended 31 December 2011 have been retrospectively adjusted for the effect of share consolidation completed in 7 September 2012.

For the year ended 31 December 2012, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and the conversion of the outstanding convertible notes of the Company since the assumed exercise of those share options in 2012 would result in decrease in loss per share from continuing operations.

For the year ended 31 December 2011, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the assumed exercise of those share options in 2011 would result in decrease in loss per share from continuing operations.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations is based on the following data:

Loss per share from continuing operations attributable to the owners of the Company are calculated as follows:

	2012 US$	2011 US$
(Loss) profit for the year	(9,900,497)	6,055,207
Less: Profit for the year from discontinued operations	—	(22,473,883)
Loss for the purposes of basic and diluted loss per share from continuing operations	(9,900,497)	(16,418,676)

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is US$0.062 (restated) based on the profit for the year from the discontinued operations of US$22,473,883 and the denominators detailed above for both basic and diluted earnings per share for the year ended 31 December 2011.

8. INTANGIBLE ASSETS

	Contract acquisition costs US$	Licensing rights US$	Total US$
COST			
At 1 January 2011	—	—	—
Acquired through acquisition of a subsidiary	—	1,532,893	1,532,893
At 31 December 2011	—	1,532,893	1,532,893
Acquired through acquisition of a subsidiary	24,507,593	—	24,507,593
At 31 December 2012	24,507,593	1,532,893	26,040,486
AMORTISATION			
At 1 January 2011	—	—	—
Provided for the year	—	28,387	28,387
At 31 December 2011	—	28,387	28,387
Provided for the year	357,402	170,321	527,723
Impairment loss recognised in profit or loss	—	1,334,185	1,334,185
At 31 December 2012	357,402	1,532,893	1,890,295
CARRYING VALUE			
At 31 December 2012	24,150,191	—	24,150,191
At 31 December 2011	—	1,504,506	1,504,506

The contract acquisition costs represent the exclusive right of four UHF spectrum TV station network in New York City with total 24 MHz in bandwidth capable of operating 24 digital channels of terrestrial and mobile TV and video programs covering 12 million populations in the New York Metropolitan of New York State. The contract acquisition costs have finite useful lives and are amortised on a straight line basis over the remaining operating leasing period of 20 years under the lease contracted entered into with a related party, of which Mr. Wong Chau Chi holds 25% of equity interest.

The licensing rights represent the exclusive international development and licensing right of CMMB technology registered in the PRC for commercial exploitation and market development outside the PRC. The licensing rights have finite useful lives and are amortised on a straight line basis over the remaining licensing period of 9 years which approximates its economic useful life.

Management of the Company has conducted an impairment assessment of the intangibles assets as at 31 December 2012 and has recognised an impairment loss of US$1,334,185 (2011: Nil) in relation to the licensing rights.

9. TRADE AND OTHER RECEIVABLES

	2012 US$	2011 US$
Trade receivables	927,755	—
Other receivables and deposits	5,447	902,809
Prepayments	266,667	270,592
Total other receivables	1,199,869	1,173,401

10. TRADE AND OTHER PAYABLES

	2012 US$	2011 US$
Trade payables	1,326,484	—
Accruals	554,786	579,584
Other payables	—	637,255
Total trade and other payables	1,881,270	1,216,839

11. SHARE CAPITAL

	Number of shares	Nominal value HK$	Shown as US$
Authorised:			
Ordinary shares of HK$0.01 each as at 1 January 2011 and 31 December 2011	50,000,000,000	500,000,000	
Share consolidation (note iii)	(45,000,000,000)	—	
Ordinary shares of HK$0.1 each as at 31 December 2012	5,000,000,000	500,000,000	
Issued and fully paid:			
Ordinary shares of HK$0.01 each as at 1 January 2011	3,438,144,000	34,381,440	4,436,315
Issue of new shares (note i)	1,060,078,000	10,600,780	1,367,842
Ordinary shares of HK$0.01 each as at 31 December 2011	4,498,222,000	44,982,220	5,804,157
Share consolidation (note iii)	(4,048,399,800)	—	—
	449,822,200	44,982,220	5,804,157
Issue of new shares (note ii)	149,687,588	14,968,758	1,931,453
Exercise of share options	40,220,000	4,022,000	518,968
Ordinary shares of HK$0.1 each as at 31 December 2012	639,729,788	63,972,978	8,254,578

Notes:

(i) On 17 October 2011, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 687,628,000 new shares of the Company for an aggregate consideration of HK$30,943,260 (equivalent to US$3,992,677) at a subscription price of HK$0.045 per ordinary share representing a premium of approximately 12.5% to the closing market price of HK$0.04 per share of the Company on 17 October 2011. The proceeds from the shares issued are applied for financing the Group's working capital.

On 24 October 2011, the Company issued 372,450,000 new shares of the Company to acquire 65% equity interests in CMMB International Limited at an aggregate consideration of HK$11,173,500 (equivalent to US$1,441,743). The issue price represented the closing market price of HK$0.03 per share of the Company on 24 October 2011.

(ii) On 7 September 2012, an extraordinary general meeting of the Company was held and the resolutions of issuance of 149,687,588 new shares of the Company for share consideration of HK$68,856,290 (equivalent to US$8,884,683) for the acquisition of 51% of equity interest of CMMB Vision (USA) were approved.

(iii) On 7 September 2012, an extraordinary general meeting of the Company was held and the resolutions of the share consolidation of the Company involving consolidation of the number of shares on the basis that every ten issued and unissued shares consolidated into one consolidated share of HK$0.10 each were approved.

12. CONVERTIBLE NOTES

On 14 September 2012, the Company issued a Hong Kong dollar denominated convertible notes with a principal amount of HK$45,785,596 (approximately US$5,910,000) to Chi Capital as part of the consideration for the acquisition of an asset (see note 8). The maturity date of the convertible notes is 13 September 2015 ("CN Maturity Date") which is 3 years from the date of issue of the convertible notes. The convertible notes are not interest bearing and mature on CN Maturity Date at the principal amount. The convertible notes are convertible into shares at any time after the issuance up to, but excluding, the close of business on the CN Maturity Date at the conversion price of HK$0.33, subject to anti-dilutive adjustments ("CN Conversion Option"). The initial number of common shares of the Company issuable upon conversion is 138,744,230 shares, which represent 23.57% of the total number of common shares of the Company issued and outstanding as of the issue date of the convertible note on a fully diluted basis.

The Company is entitled to an option to early redeem of anytime from 14 September 2012 to CN Maturity Date the whole or part of the principal outstanding amount of the convertible notes at the principal amount. The fair values of the redemption option (''CN Redemption Option'') on 14 September 2012 and 31 December 2012 are insignificant.

The convertible notes contain a debt component and derivative components (including CN Conversion Option and CN Redemption Option). The CN Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments on the basis that the convertible notes are denominated in Hong Kong dollar, a foreign currency of the Company.

The fair value of the convertible notes is HK$64,000,000 (approximately US$8,258,065) on the initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the convertible notes. Transaction costs relating to the debt component are included in the carrying amount of the liability portion. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 20% per annum. The derivative components are measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss. Transaction costs attributable to the derivative components are charged to profit or loss immediately.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the financial year ended 31 December 2012, the Group recorded loss for the year of approximately US$10.6 million as compared to profit for the year approximately US$6.0 million for the year ended 31 December 2011. Loss per share was approximately US0.019 cents (2011: Earning per share approximately US0.017 cents) and net assets per share of the Group was approximately US2.33 cents (2011: approximately US0.03 cents).

Continuing operations

During the year ended 31 December 2012, the Group engaged in provision of China Mobile Multimedia Broadcasting ("CMMB") and agency services with revenue of approximately US$266,000 (2011: Nil).

The administrative expenses for the year ended 31 December 2012 increased by approximately 7.1% to approximately US$1.5 million as compared to that of approximately US$1.4 million for the year ended 31 December 2011.

Other expenses mainly represents the legal and professional fee and share-based payments expense to the consultants by granting share options of the Company to the consultants during the year. It decreased by approximately 11.1% to approximately US$2.4 million for the year ended 31 December 2012, as compared to that of approximately US$2.7 million for the year ended 31 December 2011.

Other gains and losses represents impairment loss on an intangible asset, change in fair value of financial derivative instruments, loss on fair value change of forward contract, loss on acquisition of intangible assets and impairment loss on trade and other receivables. During the year ended 31 December 2012, impairment loss on an intangible asset, loss on acquisition of intangible assets and change in fair value of financial derivative instruments amounted to approximately US$1.3 million, approximately US$4.9 million and approximately US$129,000 respectively. During the year ended 31 December 2011, loss on fair value change of forward contract and loss on acquisition of intangible assets amounted to approximately US$10.5 million and approximately US$1.1 million respectively, and reversal of impairment loss amounted to approximately US$214,000 was made for those recognised in previous years.

Finance costs of the Group for the year ended 31 December 2012 amounted to approximately US$198,000, it mainly represents effective interest expense on convertible notes. Finance costs of the Group for the year ended 31 December 2011 was insignificant as the Group has not borne any bank and other borrowings as at 31 December 2011.

Discontinued operations

Profit for the year from discontinued operations mainly represents the gain on deconsolidation of a subsidiary amounted to approximately US$29.5 million for year ended 31 December 2011. The deconsolidated subsidiary is mainly engaged in manufacturing of printed circuit boards. The net results of the discontinued operations (other than gain on deconsolidation of a subsidiary) for the years ended 31 December 2011 was approximately US$7.1 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total equities of approximately US$14.9 million as at 31 December 2012 and approximately US$1.0 million as at 31 December 2011. Current assets amounted to approximately US$2.0 million comprising bank balances and cash of approximately US$0.8 million and other receivables of approximately US$1.2 million. Current liabilities, amounted to approximately US$1.8 million, represents other payables only.

As at 31 December 2012, the Group's current ratio was 1.1 (2011: 0.8) and the gearing ratio (a ratio of total loans to total assets) was 13.7% (2011: Nil). Other than convertible notes, the Group did not has any bank and other borrowings as at 31 December 2012 (2011: Nil).

FOREIGN CURRENCY EXCHANGE RISK

Most of the Group's assets, liabilities and transactions are denominated in US dollar. The Group did not make any other hedging arrangement in the two years ended 31 December 2012.

SEGMENTAL INFORMATION

As at 31 December 2012, detail segmental information of the Group is set out in note 3 to this announcement.

EMPLOYEE BENEFITS

For the year ended 31 December 2012, average number of employees of the Group was approximately 30 (2011: approximately 100). For the year ended 31 December 2012, the Group's staff costs (including Directors' fees and emoluments) amounted to approximately US$0.3 million (2011: approximately US$0.4 million). The remuneration policy of the Company is reviewed annually and is in line with the prevailing market practice. During the year under review, the Company did not grant any share options to the Directors and employees of the Group under the share option scheme of the Company adopted on 5 July 2005.

BUSINESS/OPERATION REVIEW

During the year under review, the Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in provision of CMMB and agency services.

The Company has been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia business based on CMMB standards. The Company's goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

PROSPECTS

The Group is currently transforming from a printed circuit board maker to a mobile multimedia technology and service provider through a series of restructuring, divestments and acquisitions, which are in their final phases in making the Group a dedicated opera tor in delivering mobile and wireless video and Internet data services.

The Group is developing to be a leading next generation mobile multimedia service provider. It addresses the rapidly growing demand for mobile and wireless video and internet content downloads with a very low cost and efficient solution based on the China-developed CMMB multicast technology. Consumers with untethered CMMB-enabled devices such as handsets, netbooks, MP4s, dongles, GPS, and LED panels can receive virtually unlimited and instant mobile video and Internet downloads anytime anywhere deliverable through a ubiquitous terrestrial and satellite network.

Developed by the State Administration of Radio, Film, and Television (“SARFT”) of the People’s Republic of China (“PRC”) with collaboration from the United States of America, CMMB is one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television (“TV”) delivery and data delivery through Internet by the Internet Protocol (“IP data”). It is Orthogonal frequency-division multiplexing (“OFDM”) based, and can readily interact with other OFDM technologies such as third generation mobile technology 3G, fourth generation mobile technology (“4G”) based on Institute of Electrical and Electronics Engineers standards 802.16(e) (“WiMax”) and 4G Long Term Evolution (“4G LTE”). The key feature of CMMB is that it can deliver streaming live mobile video and push-IP data in a massive quantity and instant speed simultaneously to an unlimited number of mobile users anytime anywhere at very low cost. CMMB has been widely deployed over 330 Chinese cities with the support of world’s largest mobile network and supply-chain ecosystem.

The Group’s main business will apply the CMMB technology to address the growing bottleneck caused by video and Internet data content distribution, which can no longer be accommodated by the conventional unicast — based mobile communication technologies. In China, its goal is to become a leading CMMB service provider. Globally, its goal is to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest and the five largest customers of the Group accounted for approximately 56.0% and 100% of the Group’s turnover respectively.

At no time during the year did a Director, an associate of a Director or any shareholders (which to the knowledge of the Directors had more than 5% interests in the Company) had an interest in any of the Group’s five largest customers or suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

During the year under review, the Company has complied with the requirements of the Code Provisions in the CG Code throughout the year ended 31 December 2012 except that the Company has been deviated from the Code Provision A.2.1 of the CG Code, as the roles of Chairman and chief executive officer of the Company were not separate. With effect from 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been re-designated as the Chairman and Mr. Wong also remains as the chief executive officer of the Company. According to the Code Provision A.2.1 of the CG Code, the roles of a chairman and a chief executive officer should be separate and should not be performed by the same individual. Given Mr. Wong has had extensive experience in the business of the Group and has performed satisfactorily since his joining of the Company in 2007, particularly in soliciting for possible new business opportunities and deducing the overall strategic plan for the future development of the Company, the Board considers that it would be beneficial to the Group if Mr. Wong is also in charge of overseeing the Company's operations as the Chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code for Securities Transactions by Directors of Listed Issues ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the year ended 31 December 2012 and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the code of conduct throughout the year ended 31 December 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Director, namely Mr. Wang Wei-Lin, Mr. Shan Li and Dr. Li Jun, an annual confirmation of their independence pursuant to the Rule 3.13 of the Listing Rules. Based on such confirmations, the Board considers all of the independent non-executive Directors are independent.

The Company has complied with the provisions of 3.10(1) and 3.10(2) of the Listing Rules that sufficient number of independent non-executive Directors have been appointed and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

AUDIT COMMITTEE

An Audit Committee was established by the Company on 5 July 2005 with written terms of reference to review and supervise the Group's financial reporting process and internal controls. The Company has adopted a revised written terms of reference with reference to the corresponding changes made to the code provisions of the CG Code. The Audit Committee currently comprises Mr. Shan Li and Dr. Li Jun, being independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Mr. Shan Li is the chairman of the Audit Committee.

The Company has complied with the provision of Rule 3.21 of the Listing Rules that the Company's audit committee comprises a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company on 5 July 2005 and re-constituted pursuant to a written resolution passed by the Board on 23 September 2005 to formulate and make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management of the Group.

The Remuneration Committee currently comprises the three independent non-executive Directors, namely Mr. Wang Wei-Lin, Mr. Shan Li and Dr. Li Jun and one non-executive Director, Mr. Chou Tsan-Hsiung. Currently, Mr. Wang Wei-Lin is the chairman of the Remuneration Committee.

By Order of the Board
CMMB Vision Holdings Limited
Wong Chau Chi
Chairman

Hong Kong, 26 March 2013

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. WONG Chau Chi and Dr. Hui LIU; two non-executive Directors, namely Mr. CHOU Tsan-Hsiung and Mr. YANG Yi; and three independent non-executive Directors, namely Mr. WANG Wei-Lin, Mr. Shan LI and Dr. LI Jun.