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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board (the "Board") of directors (the "Directors") of CMMB Vision Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013 (the "Period") together with the comparative figures of 2012 as follows:-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

	NOTES	Six months ended 30 June 2013 US$ (unaudited)	Six months ended 30 June 2012 US$ (unaudited)
Revenue	3	555,492	7,029
Cost of sales		(902,461)	—
Gross (loss) profit		(346,969)	7,029
Other income		50	43
Administrative expenses		(227,894)	(696,570)
Advertising expenses		(26,274)	(26,022)
Other expenses		—	(290,058)
Finance costs	4	(352,081)	—
Loss for the period	6	(953,168)	(1,005,578)
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		178	(1,425)
Total comprehensive expense for the period		(952,990)	(1,007,003)
Loss for the period attributable to:			
- Owners of the Company		(761,433)	(975,661)
- Non-controlling interests		(191,735)	(29,917)
Loss for the period		(953,168)	(1,005,578)
Total comprehensive expense attributable to:			
- Owners of the Company		(761,255)	(977,086)
- Non-controlling interests		(191,735)	(29,917)
Total comprehensive expense for the period		(952,990)	(1,007,003)
		US cents	*US cents*
Loss per share	8		
- Basic and diluted		(0.12)	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	NOTES	**30 June 2013** *US$* *(unaudited)*	**31 December 2012** *US$* *(audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		5,285	11,829
Intangible assets		23,537,501	24,150,191
Interests in associates		—	—
		23,542,786	24,162,020
CURRENT ASSETS			
Trade and other receivables and prepayments	9	1,338,150	1,199,869
Bank balances and cash		317,397	822,877
		1,655,547	2,022,746
CURRENT LIABILITIES			
Trade and other payables	10	1,484,805	1,881,270
Amount due to a related company		444,136	—
Amount due to a director		366,785	—
		2,295,726	1,881,270
NET CURRENT (LIABILITIES) ASSETS		(640,179)	141,476
		22,902,607	24,303,496
CAPITAL AND RESERVES			
Share capital		8,254,578	8,254,578
Share premium and reserves		(5,340,387)	(4,579,132)
Equity attributable to owners of the Company		2,914,191	3,675,446
Non-controlling interests		11,070,060	11,261,795
TOTAL EQUITY		13,984,251	14,937,241
NON-CURRENT LIABILITIES			
Convertible notes		3,886,098	3,553,372
Derivative financial instruments of convertible notes		5,032,258	5,032,258
Amount due to a related company		—	422,714
Amount due to a director		—	357,911
		8,918,356	9,366,255
		22,902,607	24,303,496

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of US$953,168 for the six month ended 30 June 2013 and the Group's current liabilities exceeded its current assets by US$640,179 as at 30 June 2013. In the opinion of the Directors, 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, as the following:

(a) During the year 2012, a 3-year service contract has been entered into between CMMB Vision (USA) and China Central Television ("CCTV"), a state-owned enterprise in the PRC. The management of the Group 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.

    The Group is currently providing contents to operating platform in the USA. Accordingly, in the opinion of the Directors, no significant capital investment is required for the new business operations.

(b) During the current interim period, the Group received a deposit of US$164,235 from a consultant to exercise share options of the Company granted to it. As at 30 June 2013, the deposit received was included in other payables and subsequently will be settled through issues of shares in the second half period.

(c) On 30 July 2013, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 20,000,000 new shares of the Company for an aggregate consideration of HK$9,300,000 (equivalent to US$1,200,000) at a subscription price of HK$0.465 per ordinary share representing the closing market price of HK$0.465 per share of the Company on 30 July 2013. The proceeds from the shares issued are applied for financing the Group's working capital.

(d) On 15 August 2013, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 52,000,000 new shares of the Company for an aggregate consideration of HK$24,180,000 (equivalent to US$3,120,000) at a subscription price of HK$0.465 per ordinary share representing the closing market price of HK$0.465 per share of the Company on 15 August 2013. The proceeds from the shares issued are applied for financing the Group's working capital.

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

(f) Chi Capital Holdings Limited ("Chi Capital"), a company wholly owned by Mr. WONG Chau Chi, a director and shareholder of the Company, 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 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 condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

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

The application of the above new and revised standards, amendments and interpretation to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Directors anticipate that the application of the following new standard, amendments and interpretation issued but not yet effective will have no material effect on amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
HK(IFRIC) — Int 21	Levies[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]

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

2 Effective for annual periods beginning on or after 1 January 2015.

3. SEGMENT INFORMATION

The Group's reportable and operating segments under HKFRS 8 are as follows:

1. CMMB business — Provision of China Mobile Multimedia Broadcasting ("CMMB") services relating to transmission and broadcasting of television programs; and

2. Trading business — Provision of agency services relating to trading of printed circuit board materials.

The following is an analysis of the Group's revenue and results by operating segments:

Six months ended 30 June 2013

	CMMB business *US$* *(unaudited)*	**Trading business** *US$* *(unaudited)*	**Total** *US$* *(unaudited)*
Segment revenue	511,510	43,982	555,492
Segment loss	(390,951)	(11,953)	(402,904)
Unallocated income			50
Unallocated expenses			(550,314)
Loss for the period			(953,168)

Six months ended 30 June 2012

	CMMB business	Trading business	Total
	US$	*US$*	*US$*
	(unaudited)	*(unaudited)*	*(unaudited)*
Segment revenue	—	7,029	7,029
Segment (loss) profit	(316,080)	981	(315,099)
Unallocated income			43
Unallocated expenses			(690,522)
Loss for the period			(1,005,578)

4. FINANCE COSTS

	Six months ended 30 June	
	2013	**2012**
	US$	*US$*
	(unaudited)	*(unaudited)*
Effective interest expense on convertible notes	332,726	—
Imputed interest on an amount due to a related company	10,481	—
Imputed interest on an amount due to a director	8,874	—
	352,081	—

5. TAXATION

No provision for USA Income Tax, Hong Kong Profits Tax and Taiwan Income Tax has been made as the Group has no assessable profit which neither arises in, nor derived from USA, Hong Kong and Taiwan for both periods.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% from 1 January 2008 onward. No provision for PRC income tax has been made in the condensed consolidated financial statements as all of the PRC subsidiaries did not have taxable income for both periods.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013	**2012**
	US$	*US$*
	(unaudited)	*(unaudited)*
Depreciation of property, plant and equipment	6,619	11,609
Amortisation of intangible assets included in cost of sales	612,690	—
Amortisation of intangible assets included in other expenses	—	85,161
Legal and professional fees included in others expenses *(Note)*	—	204,897
Bank interest income	(50)	(13)

Note: The amount represents legal and professional fees payable to consultants, advisors and other professional parties for development and acquisition of new business during the six months ended 30 June 2012.

7. DIVIDENDS

No dividends were paid, declared or proposed during both reporting periods.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributed to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2013	**2012**
	US$	*US$*
	(unaudited)	*(unaudited)*
Loss for the period for the purposes of basic and diluted loss per share	(761,433)	(975,661)
Number of ordinary shares for the purposes of basic and diluted loss per share	639,729,788	4,498,222,000

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

For both periods, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise of share options would result in decrease in loss per share.

9. TRADE RECEIVABLES

The Group generally allows credit period of 60 days to its trade customers. There are no trade receivables under CMMB business as at both 30 June 2013 and 31 December 2012. The trade receivables are due from three customers under Trading business as at 30 June 2013 (31 December 2012: two).

The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period.

	30 June 2013 *US$* *(unaudited)*	31 December 2012 *US$* *(audited)*
0 - 30 days	532,869	424,254
31 - 60 days	426,700	433,686
61 - 90 days	144,960	35,126
Over 90 days	11,412	34,689
Total trade receivables	1,115,941	927,755

10. TRADE PAYABLES

The average credit period granted by its suppliers is 150 days.

The following is an analysis of trade payables by age, presented based on the invoice date at the end of the reporting period.

	30 June 2013 *US$* *(unaudited)*	31 December 2012 *US$* *(audited)*
0 - 90 days	936,962	1,296,331
91 - 120 days	—	30,153
Over 120 days	10,348	—
Total trade payables	947,310	1,326,484

REVIEW OF OPERATIONS/BUSINESS

The principal activity of the Company is investment holding whilst its subsidiaries are mainly engaged in provision of China Mobile Multimedia Broadcasting ("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 the 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.

FINANCIAL REVIEW

For the Period, the Group recorded loss for the period of approximately US$0.95 million as compared to loss for the period approximately US$1.01 million, representing a decrease of approximately 5.9%. Loss per share was approximately US0.12 cents (six months ended 30 June 2012: approximately US0.02 cents) and net assets per share of the Company was approximately US2.19 cents (31 December 2012: approximately US2.33 cents).

Revenue

For the Period, the Group recorded revenues of approximately US$555,000 (six months ended 30 June 2012: approximately 7,000). Revenues significantly increased as the Group did not commence CMMB business during the six months ended 30 June 2012.

Cost of sales

Cost of sales includes amortisation of intangible assets for CMMB business amounting to approximately US$613,000 for the Period (six months ended 30 June 2012: Nil).

Operating expenses

During the Period, the Group's administrative expenses decreased by 71.4% to approximately US$0.2 million (six months ended 30 June 2012: approximately US$0.7 million). The management of the Group believes that the change of principal office in Hong Kong will lower the administrative expenses in succeeding periods.

Finance costs

Finance costs of the Group for the Period amounted to approximately US$352,000, it mainly represents effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the six months ended 30 June 2012.

INTERIM DIVIDEND

The Board does not recommend declare any interim dividend to the shareholders of the Company for the Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group had total equities of approximately US$14.0 million. Current assets amounted to approximately US$1.6 million. It mainly comprises bank balances and cash of approximately US$0.3 million and trade and other receivables of approximately US$1.3 million. Current liabilities amounted to approximately US$2.3 million. It mainly comprises trade and other payables of approximately US$1.5 million; an amount due to a related company of approximately US$0.4 million; and an amount due to a director of approximately US$0.4 million.

As at 30 June 2013, the Group's current ratio was 0.7 (31 December 2012: 1.1) and the gearing ratio (a ratio of total loans to total assets) was 15.5% (31 December 2012: 13.7%).

FOREIGN EXCHANGE EXPOSURE

For the Period, most assets, liabilities and transactions of the Group are denominated in US$. The management of the Group believes that foreign exchange risk does not affect the Group, therefore, the Group did not make any hedging arrangement during the Period.

SEGMENT INFORMATION

Details of segment information of the Group for the Period are set out in note 3 to this announcement.

EMPLOYEE BENEFITS

For the Period, the average number of employees of the Group was approximately 15 (six months ended 30 June 2012: approximately 30), and the Group's staff costs amount to approximately US$97,000 (six months ended 30 June 2012: approximately US$244,000). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the Period, the Company has not granted any share options to Directors and employees of the Group (six months ended 30 June 2012: Nil) under the share option scheme of the Company adopted on 5 July 2005.

CHARGE ON ASSETS

As at 30 June 2013, neither the Group nor the Company pledges any properties and assets (31 December 2012: Nil).

CONTINGENT LIABILITIES

As at 30 June 2013, neither the Group nor the Company has any significant contingent liabilities (31 December 2012: Nil).

PROSPECTS

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 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.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Period, the Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("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 Period and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

CODE ON 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 Period, the Company has fully complied with the requirements under the CG Code except for the deviation from **Code Provision A.2.1 of the CG Code.** The Company had deviated from the Code Provision A.2.1 of CG Code as the roles of chairman and chief executive officer of the Company were not separate. With effect on 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been re-designated as the chairman of the Company 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 year 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 benefit the Group if Mr. Wong is also in charge of overseeing the Company's operations as its 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.

AUDIT COMMITTEE

The Audit Committee (the "Audit Committee") was established by the Company on 5 July 2005 and it has adopted new written terms in order to comply with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls. The Audit Committee 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.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed, with the management, the accounting principles and policies, internal controls and financial reporting adopted by the Group, and the unaudited interim financial information for the Period and recommended its adoption by the Board.

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

Hong Kong, 26 August 2013

As at the date of 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.