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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2019

References is made to the annual report of CMMB Vision Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2019 (the “**2019 Annual Report**”). Unless otherwise stated, terms defined in the Annual Report shall have the same meanings when used in this announcement.

1. FUNDRAISING EXERCISE OF THE COMPANY DURING THE FINANCIAL YEAR

Regarding the change in the use of proceeds from the Company’s equity fundraising activities conducted during the past 12 months in the section headed “**Management Discussion and Analysis – FUNDRAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS**” on page 18 of the 2019 Annual Report, the board of directors of the Company (the “**Board**”) would like to provide further information to its shareholders and potential investors as follows.

Detailed of the share placements announced on 11 January 2019 (the “Placements”) which was included in annual report for the year ended 31 December 2018 (“2018 Annual Report”)

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of this report |
|-----------------------------|--|---------------------------|---|---|
| 11 January 2019 | Placing of 66,081,535 new shares under general mandate granted by the Shareholders at the AGM on 28 May 2018 | Approximately US\$910,000 | General working capital for operations and business development | • Partial repayment of convertible notes of US\$910,000 |

Reasons for the change in use of proceeds in connection with the Placements

As disclosed in the 2018 Annual Report, the intended uses of the net proceeds on the Placements were for working capital and business development purposes, and the actual uses of these net proceeds were to partially repay convertible notes issued by the Company (the “**Convertible Notes**”).

As disclosed in the announcement of the Company dated 8 November 2019, the Directors were concerned about the Company’s financial condition as the Company’s adjusted gearing ratio (total loans to total assets, excluding interests in an associate) was up to 45.8% in 2018 and that such a high gearing ratio would have a negative impact on the Company’s ability to raise additional funds. Pursuant to the terms and conditions of the Convertible Notes, the Company may, at any time prior to the maturity date, repay the whole or a part of the outstanding principal on the Convertible Notes together with the outstanding interest accrued thereon. Such right to repay provided the Company with the flexibility to lower the principal amount of the Convertible Notes when the Company deems it as appropriate.

As the conversion prices of the 2021 Convertible Notes was HK\$1.00 per conversion share, representing more than 5 times of the average price of the Company’s shares during the year ended 31 December 2018, the Directors considered that it was highly unlikely that these Convertible Notes would be settled by conversion. The Directors also noted that the total outstanding principal amounts of the Convertible Notes were substantially greater than the Group’s cash flow from operating activities currently, and therefore it would be unlikely that the Company would be able to repay the Convertible Notes when they fall due without seeking external financing. In order to avoid the risk of not being able to secure external financing to repay the Convertible Notes when they fall due, the Directors considered it is prudent to gradually repay the Convertible Notes over a period of time ahead of their respective due dates to the extent that its working capital would still be sufficient to support the Group’s operations and business development after such repayments. While the repayments of the Convertible Notes were carried out to avoid, among other things, a sudden and drastic depletion of the Group’s working capital when the Convertible Notes eventually fall due.

In addition, the Directors have received feedback from the investment community that given that the Convertible Notes were not likely to be converted, they represented a significant source of risks of the Company’s long-term financial well-being, which deterred potential investors in making strategic investments into the Company.

Accordingly, the Directors reallocated the net proceeds from the Placements to partially and gradually repay the Convertible Notes. The Directors considered the above changes in the use of net proceeds are fair and reasonable as the reallocation would allow the Company to deploy its financial resources more effectively to capture more fundraising opportunities (via either debt, equity or a combination of both) and are therefore in the interests of the Group and the Shareholders as a whole. The Board is of the view that the reallocation is in line with the business strategy of the Group and will not adversely affect the operations and business of the Group. The Directors will continue to assess the business objectives of the use of net proceeds and may revise or amend such plans to cope with changing market conditions as necessary.

2. SHARE OPTION SCHEME

The Board would like to supplement note 29 “**SHARE OPTION SCHEME**” to the consolidated financial statements of the Company on page 159 of the 2019 Annual Report with the following information.

The Company granted 54,956,892 share options on 17 May 2019 under the existing scheme mandate limit at the exercise price of HK\$0.075 per share to certain consultants for the purpose of fund raising activities; development of CMMB Business and seeking for new investment opportunities in CMMB Business. The closing price as stated on the daily quotations sheet of the Stock Exchange on the date immediately preceding the date of the grant (i.e. 16 May 2019) was HK\$0.071 per share. The scheme mandate limit was utilised in full upon such grant on 17 May 2019. The fair value of the options at the date of grant was HK\$1,513,000 (equivalent to approximately US\$193,000). The options were valued by Peak Vision Appraisals Limited, an independent valuer not related to the Group. The fair value was determined based on Binomial Pricing Model.

As at the date of the 2019 Annual report, i.e. 30 March 2020, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme, being the total number of securities available for issue under the Share Option Scheme, was 2,718,843, representing 1.197% of the shares of the Company in issue.

The supplementary information provided in this announcement does not affect other information contained in the 2019 Annual Report and, save as disclosed above, the contents of the Annual Report remain unchanged.

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

Hong Kong, 31 August 2020

As at the date of this announcement, the executive directors are Mr. WONG Chau Chi and Dr. LIU Hui; the non-executive directors are Mr. CHOU Tsan-Hsiung and Mr. YANG Yi; and the independent non-executive directors are Dr. LI Shan and Dr. LI Jun.