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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 2011; AND  
APPLICATION FOR RESUMPTION OF TRADING**

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 2011.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<i>NOTE</i>	<b>2011</b> <b>US\$</b>	<b>2010</b> <b>US\$</b> (Restated)
<b>Continuing operations</b>			
Revenue		—	—
Other income	4	25,275	109,657
Administrative expenses		(1,417,375)	(2,244,980)
Research and development costs		(898,974)	(1,290,323)
Other expenses		(2,726,419)	(2,427,225)
Other gains and losses		(11,411,046)	(759,126)
Finance costs		<u>(73)</u>	<u>(762)</u>
Loss for the year from continuing operations	5	(16,428,612)	(6,612,759)
<b>Discontinued operations</b>			
Profit (loss) for the year from discontinued operations		<u>22,473,883</u>	<u>(14,935,554)</u>
Profit (loss) for the year		6,045,271	(21,548,313)
<b>Other comprehensive expense</b>			
Exchange differences arising on translation		<u>(1,149,818)</u>	<u>(546,176)</u>
Total comprehensive income (expense) for the year		<u>4,895,453</u>	<u>(22,094,489)</u>
<b>Profit (loss) for the year attributable to owners of the Company:</b>			
- from continuing operations		(16,418,676)	(6,612,759)
- from discontinued operations		<u>22,473,883</u>	<u>(14,935,554)</u>
Profit (loss) for the year attributable to owners of the Company		<u>6,055,207</u>	<u>(21,548,313)</u>

	<i>NOTE</i>	<b>2011</b> <b>US\$</b>	<b>2010</b> <b>US\$</b> (Restated)
<b>Loss for the year attributable to non-controlling interests:</b>			
- from continuing operations		<u>(9,936)</u>	<u>—</u>
		<u>6,045,271</u>	<u>(21,548,313)</u>
<b>Total comprehensive income (expense) attributable to:</b>			
- Owners of the Company		4,905,389	(22,094,489)
- Non-controlling interests		<u>(9,936)</u>	<u>—</u>
Total comprehensive income (expense) for the year		<u>4,895,453</u>	<u>(22,094,489)</u>
<b>Earnings (loss) per share</b>	6		
From continuing and discontinued operations			
- Basic and diluted		<u>0.0017</u>	<u>(0.0075)</u>
From continued operations			
- Basic and diluted		<u>(0.0045)</u>	<u>(0.0023)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2011**

	<i>NOTES</i>	<b>2011 US\$</b>	<b>2010 US\$</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		35,061	15,669,442
Prepaid lease payments - non-current portion		—	703,693
Investment property		—	1,990,403
Intangible assets		1,504,506	—
Interests in associates		—	—
Deposits paid on acquisition of interests in associates		—	9,540,116
Available-for-sale investments		—	27,505
Other receivables		—	1,015,874
		<u>1,539,567</u>	<u>28,947,033</u>
<b>CURRENT ASSETS</b>			
Inventories		—	1,192,921
Trade and other receivables	7	1,173,401	2,788,563
Amount due from a related company		—	511,604
Prepaid lease payments - current portion		—	16,993
Bank balances and cash		315,813	3,957,006
		<u>1,489,214</u>	<u>8,467,087</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,592,645	14,541,878
Amount due to a related company		389,029	56,853
Other borrowing - due within one year		—	120,797
		1,981,674	14,719,528
<b>NET CURRENT LIABILITIES</b>		<u>(492,460)</u>	<u>(6,252,441)</u>
		<u>1,047,107</u>	<u>22,694,592</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		5,804,157	4,436,315
Share premium and reserves		(4,933,627)	(15,427,921)
Equity attributable to owners of the Company		870,530	(10,991,606)
Non-controlling interests		176,577	—
<b>Total equity</b>		<u>1,047,107</u>	<u>(10,991,606)</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings - due after one year		—	24,222,587
Other payables		—	9,463,611
		<u>—</u>	<u>33,686,198</u>
		<u>1,047,107</u>	<u>22,694,592</u>

## 1. REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the Audit Committee of the Company.

## 2. 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\$16,428,612 during the year ended 31 December 2011 and as at that date, the Group's current liabilities exceeded its current assets by US\$492,460. 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 proposed arrangements which include, but are not limited to, the following:

- (a) During the year, the Group acquired interests in two associates in the PRC which are principally engaged in CMMB business. The associates plans to contribute their own production capacity to create a consolidated operating platform with a subsidiary of the Company in the PRC which would evolve into a multimedia content production and aggregation center to support the Group's future CMMB projects.
- (b) On 15 March 2011, the Group, together with its partners in the United States of America (the "USA"), had successfully demonstrated live CMMB Mobile TV signals for the first time over cellular network frequencies from a cellular tower. The demonstration signified the Group's first phase in developing CMMB and launching a commercial trial in the USA market. The Group intends to set up joint ventures with these partners. Pursuant to a strategic business development agreement dated 25 January 2010 to jointly develop and promote CMMB technology, the strategic business partner will focus on developing the entire technology ecosystem to enable the deployment of a comprehensive, flexible and revenue generating CMMB service platform in the USA.
- (c) Upon completion of the acquisition of CMMB International Limited on 25 October 2011, the Group obtained the exclusive international development and licensing rights of CMMB technology granted by 北京泰美世紀科技有限公司 ("TiMi Technologies Co., Ltd."), a company established in the PRC under the Academy of Broadcasting Science under the State Administration of Radio, Film and Television of the PRC (the "SARFT"). The Group will provide turnkey solutions to develop and promote CMMB technology and business platform in markets outside of the PRC and participate in service operations through partnerships in oversea markets to build a global CMMB franchise.
- (d) The Group entered into a conditional sale and purchase agreement dated 22 November 2011 to acquire 51% of the issued share capital of CMMB Vision (USA) Inc. ("CMMB Vision (USA)") from Chi Capital Holdings Limited, a shareholder of the Company, detailed in an announcement issued by the Company on 22 November 2011. The Company will settle the acquisition through issue of shares and convertible bond in order to minimise its capital cost. Subsequent to the end of reporting period, CMMB Vision (USA), through its subsidiary, CMMB America Inc. ("CMMB America"), signed the Television ("TV") channel cooperation agreement with China Central Television ("CCTV") to jointly operate three CCTV TV channels in New York. CCTV agreed to pay CMMB America an annual fee per

year up to 31 December 2014. As set out in the announcement of the Company dated 21 February 2012, the channels will be aired via CMMB Vision (USA)'s New York public free-to-air TV channels and this cooperation enabled for the first time for CCTV to broadcast programs in New York via public TV network. Both CMMB Vision (USA) and CCTV look forward to deepening cooperation in multiple levels in the US market, and eventually be able to deliver programs across converged cable, Internet, and mobile multimedia network to attain maximum and ubiquitous coverage. The directors of the Company expect that the acquisition and development of these new CMMB projects in the USA will be completed as soon as possible after the issuance of this report. Upon completion of the proposed acquisition, the directors of the Company anticipate that the Group's future cash flow will be improved as it will incorporate the positive cash flows generated from the operating activities of CMMB Vision (USA).

- (e) The Group's business model has been shifted from a printed circuit boards ("PCB") manufacturer/trader to a CMMB services provider. Through its partnership with local infrastructure developers and mobile carriers, 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, the new business operation will require less capital investment in production facilities than manufacturing does.
- (f) The Group plans to further issue new shares to raise additional funds to improve its liquidity position.
- (g) Chi Capital Holdings Limited, a 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 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.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(S)”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs HKAS 24 (as revised in 2009)	Improvements to HKFRSs issued in 2010 Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) - Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 1	Government Loans <sup>1</sup>
Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets <sup>2</sup>
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>5</sup>
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets <sup>4</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>6</sup>
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2011.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2012.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2014.

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

#### 4. OTHER INCOME

	<b>2011</b> <b>US\$</b>	<b>2010</b> <b>US\$</b> <i>(Restated)</i>
<b>Continuing operations</b>		
Compensation from customers for cancellation of orders	—	1,558
Interest income	71	2,364
Agency income (note)	21,677	105,671
Others	<u>3,527</u>	<u>64</u>
	<u>25,275</u>	<u>109,657</u>

*Note:* The Group carried out the agency service relating to procurement and distribution of PCB materials during the year and recognised a net gain of US\$21,677 (2010: US\$105,671) which represented the difference between gross proceeds received from the customers of US\$1,772,467 (2010: US\$5,447,279) and procurement cost payable to the suppliers of US\$1,750,790 (2010: US\$5,341,608).

#### 5. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	<b>2011</b> <b>US\$</b>	<b>2010</b> <b>US\$</b>
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
- Salaries and allowances	414,032	491,715
- Retirement benefit scheme contributions	5,675	5,085
- Share-based payments	<u>—</u>	<u>457,994</u>
Total staff costs	<u>419,707</u>	<u>954,795</u>
Auditor's remuneration	141,935	180,645
Share-based payments expense to consultants included in other expenses	1,133,276	2,129,140
Depreciation of property, plant and equipment	13,891	4,978
Amortisation of intangible assets included in other expenses	28,387	—
Legal and professional fee included in other expenses (note)	1,564,756	298,085
Exchange loss, net	<u>6,083</u>	<u>12,760</u>

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



## 6. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

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

	2011 US\$	2010 US\$
<b>Earnings (loss)</b>		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	<u>6,055,207</u>	<u>(21,548,313)</u>

### Number of shares

	2011	2010
Weighted average number of ordinary shares for the purposes of basis and diluted earnings (loss) per shares:	<u>3,636,658,395</u>	<u>2,883,101,883</u>

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:

	2011 US\$	2010 US\$
Profit (loss) for the year	6,055,207	(21,548,313)
Less: Profit (loss) for the year from discontinued operations	<u>22,473,883</u>	<u>(14,935,554)</u>
Loss for the purposes of basic and diluted loss per share from continuing operations	<u>(16,418,676)</u>	<u>(6,612,759)</u>

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

For both years, 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 and 2010 would result in decrease in loss per share from continuing operations.

From discontinued operations

Basic and diluted earnings per share for the discontinued operation is US\$0.0062 (2010: loss per share of US\$0.0052), respectively, based on the profit for the year from the discontinued operations of US\$22,473,883 (2010: loss of US\$14,935,554) and the denominators detailed above for both basic and diluted earnings (loss) per share.

## 7. TRADE AND OTHER RECEIVABLES

	2011 US\$	2010 US\$
Trade receivables:		
0 - 30 days	—	—
31 - 60 days	—	464,460
61 - 90 days	—	584,840
91 - 120 days	—	4,020
Over 120 days	—	196,294
	<u>—</u>	<u>1,249,614</u>
Advance to suppliers	—	1,123,709
Other receivables and deposits	902,809	930,512
Other tax recoverables	—	648,363
Prepayments	270,592	134,329
Less: Accumulated impairment	<u>—</u>	<u>(1,297,964)</u>
	<u>1,173,401</u>	<u>1,538,949</u>
Total trade and other receivables	<u>1,173,401</u>	<u>2,788,563</u>

## 8. TRADE AND OTHER PAYABLES

The aged analysis of the trade payables as at the end of the reporting period, presented based on invoice date, are as follows:

	2011 US\$	2010 US\$
Trade payables:		
0 - 90 days	—	4,391,329
91 - 120 days	—	275,423
121 - 180 days	—	546,533
181 - 365 days	—	182,445
Over 365 days	<u>—</u>	<u>3,164,133</u>
	—	8,559,863
Advance from customers	—	636,067
Accruals	955,390	4,515,581
Other tax payables	—	403,523
Other payables	<u>637,255</u>	<u>426,844</u>
Total trade and other payables	<u>1,592,645</u>	<u>14,541,878</u>

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2011.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the financial year ended 31 December 2011, the Group recorded profit for the year of approximately US\$6.0 million as compared to loss for the year approximately US\$21.5 million for the year ended 31 December 2010. Earnings per share was approximately US0.8 cents (2010: Loss per share approximately US0.8 cents) and net assets per share of the Group was approximately US0.03 cents (2010: Net liabilities per share approximately US0.32 cents).

#### **Continuing operations**

During the year ended 31 December 2011, the Group continued to be engaged in procurement and distribution of printed circuit boards and generated income receipt from such continuing service of US\$1,772,467 (2010: US\$5,447,279) with related procurement costs of US\$1,750,790 (2010: US\$5,341,608).

Other income mainly represents the net gain from agency service relating to procurement and distribution of printed circuit boards, which sharply fell by approximately 79.2% to approximately US\$22,000 for the year ended 31 December 2011, as compared to that of approximately US\$106,000 for the year ended 31 December 2010.

The administrative expenses for the year ended 31 December 2011 decreased by approximately 37.0% to approximately US\$1.4 million as compared to that of approximately US\$2.2 million for the year ended 31 December 2010. The decrease is mainly due to recognition of share-based payments expenses to directors and other employees during the year ended 31 December 2010.

Research and development costs for the year ended 31 December 2011 decreased by approximately 30.8% to approximately US\$0.9 million as compared to that of approximately US\$1.3 million for the year ended 31 December 2010. It mainly comprises the development costs for the business of China Mobile Multimedia Broadcasting (“CMMB”).

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 increased by approximately 12.3% to approximately US\$2.7 million for the year ended 31 December 2011, as compared to that of approximately US\$2.4 million for the year ended 31 December 2010.

Other gains and losses represents 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 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. Impairment loss on trade and other receivables amounted to approximately US\$759,000 was recognised during the year ended 31 December 2010.

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 and 2010 were approximately US\$7.1 million and US\$14.9 million respectively.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had total equities of approximately US\$1.0 million as at 31 December 2011 and total deficits of approximately US\$11.0 million as at 31 December 2010. Current assets amounted to approximately US\$1.5 million comprising bank balances and cash of approximately US\$0.3 million and trade and other receivables of approximately US\$1.2 million. Current liabilities amounted to approximately US\$2.0 million comprising trade and other payables of approximately US\$1.6 million and amount due to a related company of approximately US\$0.4 million.

As at 31 December 2011, the Group's current ratio was 0.8 (2010: 0.6) and the gearing ratio (a ratio of total loans to total assets) was Nil (2010: 64.7%). The Group did not have any bank and other borrowings as at 31 December 2011 (2010: Bank borrowings approximately US\$24.2 million and other borrowings approximately US\$121,000).

During the year, the Company entered into certain subscription agreements with the 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 approximately US\$4.0 million). Total net proceeds of all above subscriptions were approximately US\$4.0 million, which were intended to be used as general working capital at initial.

### **FOREIGN CURRENCY EXCHANGE RISK**

Most of the Group's assets, liabilities and transactions are denominated in US dollar and Renminbi ("RMB"). The management believes that foreign exchange risk does not affect the Group since RMB has generally appreciated comparing with US dollar and its sales and purchases in RMB substantially hedged the risks of transactions in foreign currency. The management will continue to monitor any further changes in RMB exchange rate and would proactively take measures to minimise any adverse impact by the fluctuations of exchange rates on the Group. The Group did not make any other hedging arrangement in the two years ended 31 December 2011.

### **SEGMENTAL INFORMATION**

As at 31 December 2011, detail segmental information of the Group is set out in note 8 to the annual report.

### **EMPLOYEE BENEFITS**

For the year ended 31 December 2011, average number of employees of the Group was approximately 100 (2010: approximately 500). For the year ended 31 December 2011, the Group's staff costs (including Directors' fees and emoluments) amounted to approximately US\$1.8 million (2010: approximately US\$3.3 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 trading of printed circuit boards.

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 operator 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 Group did not have any major customers and suppliers for its continued operations.

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.

## **EXTRACT FROM INDEPENDENT AUDITOR'S REPORT**

The following is an extract of the independent auditor's report on the Group's audit consolidated financial statements for the year ended 31 December 2011.

### **“Emphasis of Matter**

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group incurred a loss for the year from continuing operations of US\$16,428,612 during the year ended 31 December 2011 and as at that date, the Group's current liabilities exceeded its current assets by US\$492,460. The ability of the Group to continue as a going concern is dependent on its ability to successfully implement the measures and fund raising as set out in note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that would result from a failure to obtain such funding.”

## **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 2011 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 2011 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 2011.



## **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.

On 31 May 2011, the Board has re-designated Dr. Li Jun from a non-executive Director to an independent non-executive Director and he was also appointed as a member of the audit committee (“Audit Committee”) of the Company and a member of the remuneration committee (“Remuneration Committee”) of the Company with effect from the same date. On 1 June 2011, Mr. Yu Kam Kee Lawrence has resigned as an independent non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee.

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.

## RESUMPTION OF TRADING

As the request of the Company, trading in shares of the Company ("Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 2 April 2012 at 9:00 a .m. pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares with effect from 2 May 2012 at 9:00 a.m..

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

Hong Kong, 30 April 2012

*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.*