CMMB VISION

CMMB Vision Holdings Limited

中國移動多媒體廣播控股有限公司

(Formerly known as Global Flex Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

2011

ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Chau Chi *(Chairman)*
Dr. Hui LIU *(Vice-chairman)*

Non-executive Directors

Mr. CHOU Tsan-Hsiung
Mr. YANG Yi

Independent Non-executive Directors

Mr. WANG Wei-Lin
Mr. Shan LI
Dr. LI Jun

MEMBERS OF AUDIT COMMITTEE

Mr. Shan LI *(Chairman)*
Mr. CHOU Tsan-Hsiung
Dr. LI Jun

MEMBERS OF REMUNERATION COMMITTEE

Mr. WANG Wei-Lin *(Chairman)*
Mr. CHOU Tsan-Hsiung
Mr. Shan LI
Dr. LI Jun

COMPANY SECRETARY

Mr. CHEUNG Kai Cheong Willie FCCA, CPA

AUTHORISED REPRESENTATIVES

Mr. WONG Chau Chi
Mr. CHEUNG Kai Cheong Willie

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISOR AS TO HONG KONG LAW

Orrick, Herrington & Sutcliffe

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL OFFICE IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street, P.O. Box 705
George Town, Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Stock Code: 471

Dear Shareholders:

On behalf of the board (the "Board") of directors (the "Directors") of CMMB Vision Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Company for the year ended 31 December 2011 ("2011 Annual Report").

BUSINESS REVIEW

The Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in trading of printed circuit boards.

The Group's profit for the year was approximately US$6.0 million (2010: Loss for the year approximately US$21.5 million), earnings per share was approximately US0.2 cents (2010: Loss per share approximately US0.8 cents).

FUTURE PROSPECTS

2011 is the most difficult yet turnaround year for the Company. It has successfully emerged from a financial restructuring, completed the disposal of the money-losing PCB manufacturing business, embarked on the new business of mobile multimedia services, and above all, returned to positive balance sheet and profit for the first time since the IPO year. In short, the Company has become a lot stronger, and it has a viable business platform that it is confident to take great strives in 2012.

The Company has gone through an elaborate and painstaking restructuring of its PCB contract manufacturing business and finally opted for a complete disposal of it along with its financially liabilities, which has relieved the Company of onerous financial burdens that otherwise would threaten to dismantle the Company. The disposal has returned the Company to normalcy and allowed it to develop new businesses.

Yet the disposal of the PCB business did not mean years of investment by the Company have been entirely lost in vain. In fact, years of experience in the global PCB and electric markets have allowed the Company to quickly re-tune and evolve into a next generation multimedia service provider, which is developing to serve a global audience using the proprietary China-based CMMB mobile technology platform that the Company has put together. CMMB is among the most advanced technologies in the world that enables the delivery of digital mobile video and IP-data services at speeds and quality far better than conventional mobile systems. It addresses the widespread delivery bottlenecks and crushing spectrum shortages caused by the rapidly growing modern day mobile Internet downloads.

In 2011, the Company has embarked on the development of the CMMB business platform with the support from SARFT of China, related Chinese industry ecosystem, and global business partners. Its 2012 goal is to focus on CMMB development in the US market as its first global market, where it is acquiring assets and operating platforms and forging local partnerships for network and service deployment. The Company intends to develop the US market as the foundation for eventual global CMMB adoption and technology transfer.

Chairman's Statement

To complement CMMB efforts, the Company has also developed terrestrial TV network in the US and started operating a multi-channel multi-cultural free-to-air TV programming in New York in partnership with China Central TV ("CCTV"). It is also operating a global video-website "ChinaToday.tv" to deliver China media and news information in partnership with China Internet Information Center ("China.com.cn"). The new operations give the Company added multimedia content capabilities, which when combined with the core CMMB business, the Company is evolving into a vertically integrated multimedia service operator with proprietary technology platform, content development platform, and mobile network delivery platform, thereby allowing the Company to effectively provide modern day mobile video, data, and entertainment services tailored to the mass market of the Internet era.

The Company will endeavor to develop its current business to the fullest and continue to look for new opportunities to maximize shareholder value.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to the business partners and employees of the Group and the shareholders ("Shareholders") of the Company for their supports. On behalf of the Directors, I would like to express of my sincerity to the Group's staffs for their dedication and contribution to the Group during this financial year.

For and on behalf of the Board

Wong Chau Chi
Chairman
Hong Kong, 30 April 2012

INDUSTRY REVIEW

Printed circuit boards, including flexible printed circuit boards ("FPC") and rigid printed circuit boards ("PCB"), are one of the fundamental components found in most electronic products such as mobile phones, digital cameras, computer products and consumer electronics products.

More and more FPC and PCB facilities are being established in China and FPC and PCB solution providers in China are becoming more competitive in the world.

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 PCB.

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 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 US0.2 cents (2010: Loss per share approximately US0.8 cents) and net assets per share of the Company 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 above agency service relating to procurement and distribution of PCB, 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 y ear 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 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 research costs for the business of CMMB.

Other expenses represents 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, loss on acquisition of intangible assets amounted to 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 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 mainly 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%). As at 31 December 2010, the Group did not has any bank and other borrowings (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$ and Renminbi ("RMB"). The management believes that foreign exchange risk does not affect the Group since RMB has generally appreciated comparing with US$ 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.

SEGMENT INFORMATION

As at 31 December 2011, detail segment information of the Group is set out in note 8 to the consolidated financial statements in this 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.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

On 2 September 2010, the Company entered into an equity transfer agreement with an independent third party, pursuant to which the Company (or its nominee) acquired 30% equity interest in Fuxue (Beijing) Media Co., Ltd ("Fuxue") and 30% equity interest in Deshen (Beijing) Interactive Media Co., Ltd ("Deshen"), both companies established under the laws of the PRC, for a total consideration of HK$81,606,926 (equivalent to US$10,529,926), which is payable as to HK$15,351,026 (equivalent to US$1,980,778) by way of cash and the balance of HK$66,255,900 (equivalent to US$8,549,148) by way of new issue of 530,047,200 ordinary shares in the Company's share capital at an issue price of HK$0.125 per share. The acquisitions of Fuxue and Deshen have been completed in August 2011.

On 30 March 2011, the Company entered into a sale and purchase agreement ("Share Sale Agreement") in between the Company and Chi Capital Advisers Ltd ("CCA") in relation to the sale of entire share capital ("Sale Share") of Global Technology International Limited ("GTI"). The Sale Share will dispose all its Global Flex (Suzhou) Co., Ltd operating assets and liabilities and will not incur further manufacturing related costs and expenses for its business. Under the Share Sale Agreement, the Company shall sell and CCA shall acquire the Sale Share at a consideration of HK$1,000 which is to be satisfied by cash. CCA is wholly-owned by Chi Capital Holdings Ltd, which in turn is wholly owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board. The disposal of GTI have been completed in December 2011.

Save as disclosed in note 44 to the consolidated financial statements, there are no any other material acquisition or disposals of subsidiaries and associated companies in near future.

CHARGE ON ASSETS

As at 31 December 2011, the Group did not pledge its assets (2010: Pledged properties and pledged prepaid lease payments approximately US$13.9 million and US$7.2 million respectively) to secure its borrowings.

CONTINGENT LIABILITIES

As at 31 December 2011, neither the Group nor the Company has any significant contingent liabilities (2010: Nil).

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.

EXECUTIVE DIRECTORS

Mr. WONG Chau Chi ("Mr. Wong"), aged 47, was appointed as an executive Director in May 2007. Mr. Wong is currently the chief executive officer of the Group and the Chairman of the Board. Mr Wong has extensive experiences in finance, technology, and industrial management. He engineered the restructuring and reorganization of Global Flex Holdings Limited, a manufacturing company, into CMMB Vision Holdings Limited, a market leader in the development and operation of state-of-the-art mobile multimedia technologies tailored to the internet age. Mr. Wong is also the founder and managing director of Chi Capital Holdings Limited, a securities and private equity group. He also worked as the business head for derivatives and securities departments of Goldman Sachs, Citibank, and BNP Paribas, and business and financial management departments of General Electric and McKinsey. Mr. Wong graduated from Pomona College with a BA Degree in Economics and International Relations, as well as a degree in Master in Public Policy (MPP) from the Kennedy School of Government at Harvard University. He was also matriculated by the St. Antony's College at Oxford University for its political history program. Mr. Wong had not held any position nor directorship in other listed companies in the three preceding years.

Dr. Hui LIU ("Dr. Liu"), aged 43, was appointed as a non-executive Director in November 2009 and re-designated to an executive Director in May 2011. Dr. Liu is currently the chief technology officer of the Group and the Vice-chairman of the Board. Dr. Liu is one of the world's leading telecommunications engineers and inventors. He was the primary inventor of 18 granted or pending telecommunications patents, including more than half a dozen patents in the core OFDM technology that underlies LTE, Mobile WIMAX and CMMB. He developed CMMB, which had its inaugural launch at the 2008 Beijing Olympics and is now being used in 330 cities in the PRC. As an international renowned telecomm expert, he is also one of the original designers of TD-SCDMA (China's self-developed 3G standard) and a pioneer of OFDMA mobile networks. Dr. Liu holds a BS degree in Electrical Engineering from Fudan University and a PhD degree from University of Texas at Austin. His research interests include broadband wireless networks, array signal processing and applications, and multimedia signal processing. He has received a number of awards, including a Fellow of IEEE (Comm. Society), the 1997 National Science Foundation (NSF) CAREER Award, the ONR Young Investigator Award, and the Chinese Gold Prize Patent award for his contributions on TD-SCDMA. Mr. Liu is representing the Company as a key member in the Next Generation Broadcasting – Wireless Working Group in China, which is the comprehensive technology platform for the next generation CMMB and China's triple network convergence (i.e. internet, broadcasting, telecom) initiative Dr. Liu had not held any position nor directorship in other listed companies in the three preceding years.

NON-EXECUTIVE DIRECTORS

Mr. CHOU Tsan-Hsiung ("Mr. Chou"), aged 69, was appointed as an independent non-executive Director in June 2005 and was subsequently re-designated as a non-executive Director in September 2005. Mr. Chou graduated with a bachelor degree in Laws from the National Chengchi University and is a member of Taipei Bar Association. Mr. Chou is currently a practicing lawyer in the Best Truth Law Firm in Taiwan. Mr. Chou previously worked in the Legal Affairs Office of the Central Trust of China. Mr. Chou had not held any position nor directorship in other listed companies in the three preceding years.

Mr. YANG Yi ("Mr. Yang"), aged 48, was appointed as a non-executive Director in February 2007. Mr. Yang first graduated from the Beijing University with a Bachelor Degree of Art in International Politics in 1987 and was awarded a scholar of Japanese Education Ministry by the Tokyo University in the same year. In 1991, Mr. Yang was awarded a master degree of Art in Law & Diplomacy by Fletcher School of Law and Diplomacy, jointly administrated by Tufts University and Harvard University. Mr. Yang has about 24 years of experience in finance and human resources management. The major appointments and positions previously assumed by Mr. Yang include a financial analyst at the fixed income division of J.P. Morgan Securities (Tokyo), the vice president of the human capital management of Goldman Sachs LLP (New York), the principal of executive search in the financial industry of Korn/Ferry International (Hong Kong) and a managing director of A.T. Kearney Management Consultancy (Hong Kong). At present, Mr. Yang is the director and founder of G Bridge Limited, Hong Kong based human resources advisory firm. Mr. Yang had not held any position nor directorship in other listed companies in the three preceding years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WANG Wei-Lin ("Mr. Wang"), aged 40, was appointed as an independent non-executive Director in September 2005. Mr. Wang has obtained a degree in Juris Scientiae Doctoris (Doctor of Juridical Science) from the Washington University in St. Louis. Mr. Wang also graduated with a Master of Laws degree from the University of Pennsylvania and a bachelor degree in laws from the National Chengchi University. Mr. Wang is a certified attorney in Taiwan and the New York State of the United States of America. Mr. Wang is also a member of the Taipei Bar Association and American Bar Association. Mr. Wang is currently an assistant professor in Shih Hsin University School of Law（世新大學法學院助理教授）. Mr. Wang is currently an independent director of YoungFast（洋華光電股份有限公司）, a company listed on the Taiwan Stock Exchange Corporation. Save as aforesaid, Mr. Wang had not held any position nor directorship in other listed companies in the three preceding years.

Mr. Shan LI ("Mr. Li"), aged 48, was appointed as a non-executive Director in October 2009 and re-designated to an independent non-executive Director in March 2010. Mr. Li graduated from School of Economics and Management of Tsinghua University with a BS degree in Management Information Systems in 1986, from University of California Davis with a MA degree in Economics in 1988, and from Massachusetts Institute of Technology with a PhD degree in Economics in 1993. After graduation, Mr. Li worked as an International Economist for Goldman Sachs & Co. In 1995, He became an Executive Director of Investment Research Department of Goldman Sachs (Asia), Executive Director for Investment Banking in Goldman Sachs International in London in 1997. From 1999 to 2001, Mr. Li was a Managing Director and the Head of China Investment Banking at Lehman Brothers. During 2001-2005, Mr. Li was the Chief Executive Officer for Bank of China International Holdings ("BOCI") in Hong Kong. Mr. Li has over 17 years of experience in investment banking and related financial management. At present, Mr. Li is a founding partner and Chief Executive Officer for San Shan (HK) Limited, an investment advisory company based in Hong Kong, Deputy Director of National Center of Economic Research of Tsinghua University, Director for Soufun.com and China Cablecom, and Vice-Chairman of China Overseas Returned Scholars Development Foundation in Beijing. Mr. Li was also a Director for 51job.com, a company listed on the Nasdaq and vice-chairman of UBS Investment Bank, a business division of UBS AG. Save as aforesaid, Mr. Li had not held any position nor directorship in other listed companies in the three preceding years.

Dr. LI Jun ("Dr. Li"), aged 50, was appointed as a non-executive Director in June 2007 and re-designated to an independent non-executive Director in May 2011. Dr. Li obtained a doctorate degree of philosophy in Political Economy from Oxford University in the United Kingdom. He was a senior manager and director of a number of securities and investment companies in Hong Kong and had extensive experience in international financial market. Dr. Li is currently an independent non- executive director of Zhejiang Glass Company, Limited (Stock code: 739) and Sun Century Group Limited (formerly known as Hong Long Holdings Limited) (Stock code: 1383) respectively. Save as aforesaid, Dr. Li had not held any position nor directorship in other listed companies in the three preceding years.

SENIOR MANAGEMENT

Mr. Vernon L. FOTHERINGHAM ("Mr. Fotheringham"), managing director for the Group's US operations: Mr. Fotheringham has been an industry leader and entrepreneur in the wireless and broadband communications industry for over thirty years. Previously he was the CEO of Adaptix Inc., a world leader in the development of next generation broadband wireless system technology principally OFDMA and mobile WiMAX (for which it patented the core technology of the IEEE 802.16(e) standard, as now embedded in Mobile WiMax and LTE cellular systems). Mr. Fotheringham was also previously the CEO and chairman of Bazillion, an Internet service provider, and Voice over Internet Protocol,service provider, which developed the first national VoIP network providing toll quality voice services. In addition, Mr. Fotheringham was the founder, CEO and chairman of Advanced Radio Telecom (ART), a publicly traded wireless internet service provider. ART held broadband radio spectrum licenses for 207 major markets in the U.S. and five countries in Europe. Highlights of his career activities include direct participation in the development and international expansion of the cellular telephone industry on four continents; the creation and development of the mobile satellite and satellite audio broadcasting industry with Omninet (now Qualcomm), AMSC (now Light Squared) and Norcom Networks (now Wireless Matrix); spearheading nationwide air-to-ground communication services with Claircom (now AT&T Mobility); pioneering digital satellite broadcasting as founder of Digital Satellite Broadcasting Corporation. Mr. Fotheringham received his BA Degree from California State University, Fullerton (CSUF), and pursued post-graduate degrees at both CSUF and Claremont Graduate University. He is the co-author of "Wireless Broadband: Conflict and Convergence," published in November 2008.

Mr. Fred SLATER ("Mr. Slater"), vice president of operations: Mr. Slater is in charge of broadcast operations and service development at CMMB Vision (USA). He was previously the vice president of engineering at National Interop where he led the development of new radio products. He began his career at AT&T, where he designed and built a successful video conferencing service in the mid-1990's. He subsequently participated in four startup companies for over 10 years, designing a unique national Voice Over Internet Protocol service, an IP-base radio service, the world's first OFDMA broadband products and a suite of award-winning mobile WiMAX products.

Mr. Ted PIERSON ("Mr. Pierson"), general counsel: Mr. Pierson is the general counsel of the Company. He was previously the general counsel of CTB Group, Inc. and the president of several of its affiliated companies, the principal one of which was CTB Spectrum Services, LLC. He has been a regulatory and business attorney in the telecommunications and broadcasting industries for over 30 years. For the last 20 years, he has also been a telecommunications entrepreneur, co-founded a US-based public fixed wireless company and founding and serving as CEO of a similar company in the Republic of Poland and a domestic neutral tandem switching company.

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.

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the Shareholders and enhancing the performance of the Group. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable Code Provisions of 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 on 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 of 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a revised 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 (the "Model Code") as set out in Appendix 10 to the Listing Rules. All the Directors confirmed, following specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code and the code of conduct throughout the year ended 31 December 2011.

BOARD OF DIRECTORS

Composition and role

The Board during the year and up to the date of this report comprises:

Executive Directors	Wong Chau Chi *(Chairman)*	
	Hui Liu *(Vice-chairman)*	(re-designated from a non-executive Director to an executive Director with effect from 19 May 2011)
Non-executive Directors	Chou Tsan-Hsiung	
	Yang Yi	
Independent non-executive Directors	Wang Wei-Lin	
	Shan Li	
	Li Jun	(re-designated from a non-executive Director to an independent non-executive Director with effect from 31 May 2011)
	Yu Kam Kee Lawrence	(resigned with effect from 1 June 2011)

As at 31 December 2011, the Board comprised two executive Directors (also the Chairman and Vice-chairman of the Company) and five non-executive Directors. Of the five non-executive Directors, three of them are independent non-executive Directors which represent about a quarter of the Board. On 19 May 2011, Dr. Hui Liu was re-designated as an executive Director and Dr. Li Jun was re-designated as an independent non-executive Director on 31 May 2011.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations. With a wide range of expertise and a balance of skills, the non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee works.

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and the Board considers such Directors are independent. The independent non-executive Directors are explicitly identified in all corporate communications.

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 the member of the audit committee ("Audit Committee") of the Company with effect from the same date according to the provision of Rule 3.21 of the Listing Rules. The Company has complied with the provisions of Rules 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.

All Directors are regularly updated on governance and regulatory matters. There is an established procedure for the Directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties.

Board Meetings and Procedures

The Board meets regularly throughout the year and up to date of this annual report to review the overall business, financial and technical strategy and to monitor the financial performance of the Group while the senior management are delegated to supervise the day-to-day management and operation of the Group and the execution of the plans of the Group as approved by the Board. The Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting in consultation with all Directors. Notices of at least 14 days have been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the Board meetings. Draft minutes of all Board meetings are circulated to all Directors for comment within a reasonable time prior to endorsement.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

During the year, nine Board meetings were held and the individual attendance of each Director is set out below:

Name of Director	Number of Board meetings attended	Attendance rate
Wong Chau Chi *(Chairman)*	9/9	100%
Hui Liu *(Vice-chairman)*	2/9	22%
Chou Tsan-Hsiung	2/9	22%
Yang Yi	9/9	100%
Wang Wei-Lin	2/9	22%
Shan Li	1/9	11%
Li Jun	0/9	0%
Yu Kam Kee Lawrence	1/4	25%

Chairman and Chief Executive Officer

During the year under review, Mr. Wong Chau Chi served as the Chairman and the chief executive officer of the Company. The Chairman is responsible for the overall business development operation strategy of the Group. The chief executive officer of the Company is responsible for financial and administration management and investment issue of the Group.

Terms of appointment of non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of one year. The term of each of the non-executive Directors and the independent non-executive Directors shall be renewable automatically for successive term of one year each commencing from the next day after the expiry of their then current term of appointment, subject to retirement by rotation and re-election at the annual general meeting ("AGM") pursuant to its Articles of Association (the "Articles") unless terminated by not less than three months notice in writing served by either the respective non-executive Director or independent non-executive Director expiring at the end of the initial term or at any time thereafter.

AUDIT COMMITTEE

The Audit Committee was established in July 2005 with written terms of reference adopted by reference to the code provisions of the CG Code and its members include:

Mr. Shan Li *(Chairman of the Audit Committee)*	
Mr. Chou Tsan-Hsiung	
Dr. Li Jun	(appointed with effective from 31 May 2011)
Mr. Yu Kam Kee Lawrence	(resigned with effective from 1 June 2011)

The majority of the Audit Committee members are independent non-executive Directors. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee. The composition and members of the Audit Committee comply with the requirements under the Rule 3.21 of the Listing Rules as at 31 December 2011. The Audit Committee is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. The Audit Committee also oversees the audit process and performs other duties as assigned by the Board.

The Audit Committee meets regularly to review the reporting of financial and other information to the Shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditor in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditor.

The Audit Committee has reviewed the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, and has reviewed the consolidated financial statements for the year ended 31 December 2011.

During the year ended 31 December 2011, two Audit Committee meetings were held and the individual attendance of each member is set out below:

Name of Director	Number of committee meetings attended	Attendance rate
Mr. Shan Li	1/2	50%
Mr. Chou Tsan-Hsiung	2/2	100%
Dr. Li Jun	0/1	0%
Mr. Yu Kam Kee Lawrence	1/1	100%

The Company has adopted a revised written terms of reference of the Audit Committee with reference to the corresponding changes made to the code provisions of the CG Code. 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

The remuneration committee (the "Remuneration Committee") of the Company was established in July 2005 and its members include:

Mr. Wang Wei-Lin *(Chairman of the Remuneration Committee)*
Mr. Chou Tsan-Hsiung
Mr. Shan Li
Dr. Li Jun (appointed with effect from 31 May 2011)
Mr. Yu Kam Kee Lawrence (resigned with effect from 1 June 2011)

The majority of the Remuneration Committee members are independent non-executive Directors. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of the Directors and senior management of the Group. The Remuneration Committee ensures that no Director or any of his associates is involved in deciding his own remuneration.

In determining the emolument payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions of the Group and the desirability of performance-based remuneration.

The Remuneration Committee meets regularly to determine the policy for the remuneration of the Directors and assesses performance of the executive Directors and certain senior management of the Group. During the year ended 31 December 2011, one Remuneration Committee meeting was held, the individual attendance of each member is set out below:

Name of Director	Number of committee meeting attended	Attendance rate
Mr. Wang Wei-Lin	1/1	100%
Mr. Chou Tsan-Hsiung	1/1	100%
Mr. Shan Li	0/1	0%
Dr. Li Jun	0/0	N/A
Mr. Yu Kam Kee Lawrence	1/1	100%

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of an individual to act as a Director, and approving and terminating the appointment of a Director. The Company has not established a nomination committee. The Company currently does not have any plans to set up a nomination committee.

The Chairman is responsible for identifying suitable candidates to the members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman proposes the appointment of such candidates to each member of the Board for consideration. Each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of their qualifications, experiences and background.

During the year 2011, two Board meetings were held to review the qualifications, experiences and backgrounds of Dr. Hui Liu and Dr. Li Jun respectively and the Board approved the re-designation of Dr. Hui Liu from a non-executive Director to an executive Director and Dr. Li Jun from a non-executive Director to an independent non-executive Director respectively after thorough discussion. Save as above, no any Board meeting was held in relation to the nomination of Director during the year.

AUDITOR'S REMUNERATION

An analysis of the remuneration in respect of audit and non-audit services provided by the auditor to the Group for the year ended 31 December 2011 is summarised as below:

Services	Remuneration (US$)
Audit services	141,935
Significant non-audit service (in connection with the preparation of circular relating to the major transaction - disposal of major subsidiaries of the Group as dispatched on 12 October 2011)	75,871
	217,806

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of the Shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Board has conducted a review of the effectiveness of the Group's internal control system, covering its financial and operational functions.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the consolidated financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of its results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2011, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent, fair and reasonable; and prepared the consolidated financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable the preparation of the consolidated financial statements in accordance with the Hong Kong Companies Ordinance.

AUDITOR'S STATEMENT

The auditor of the Company acknowledges its responsibilities in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2011.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with the Shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to continue to maintain an open and effective investor communication policy and to update the investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive Directors and designated senior executives according to established practices and procedures of the Company.

For and on behalf of the Board

Wong Chau Chi
Chairman
Hong Kong, 30 April 2012

The Directors are pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its subsidiaries are set out in note 45 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 29 of the 2011 Annual Report of which this report forms part.

The Directors did not recommend payment of any final dividend to the Shareholders for the year ended 31 December 2011.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred capital expenditures of approximately US$0.2 million on new machinery and equipment. Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

During the year, an aggregate 1,060,078,000 new Shares were issued, which represents approximately 30.8% change in existing issued share capital as at 31 December 2010. Details of these and other movements during the year in the share capital of the Company are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company did not have reserves in aggregate available for distribution to the Shareholders as at 31 December 2011. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company amounted to approximately US$38.8 million as at 31 December 2011 is available for distributions to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Wong Chau Chi *(Chairman)*

Dr. Hui Liu *(Vice-Chairman)* (re-designated from a non-executive Director to an executive Director with effect from 19 May 2011)

Non-executive Directors

Mr. Chou Tsan-Hsiung

Mr. Yang Yi

Independent non-executive Directors

Mr. Wang Wei-Lin

Mr. Shan Li

Dr. Li Jun (re-designated from a non-executive Director to an independent non-executive Director with effect from 31 May 2011)

Mr. Yu Kam Kee Lawrence (resigned with effect from 1 June 2011)

In accordance with Article 108(A) of the Articles, at each AGM one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM to be held in year 2012.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

As at 31 December 2011, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Ordinary shares

Name of Director	Name of corporation	Capacity/nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Wong Chau Chi	The Company	Interest of controlled corporation (Note)	241,702,500	5.37%

Note: These Shares are registered under the name of Chi Capital Holdings Limited ("Chi Capital"), a company wholly owned by Mr. Wong Chau Chi and he was the sole shareholder and director of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital.

(b) Share options

Name of Director	Capacity/ nature of interest	Number of options held	Number of underlying shares
Mr. Wong Chau Chi	Beneficial owner	26,750,000	26,750,000
Dr. Hui Liu	Beneficial owner	10,000,000	10,000,000
Mr. Chou Tsan-Hsiung	Beneficial owner	10,000,000	10,000,000
Mr. Yang Yi	Beneficial owner	20,000,000	20,000,000
Mr. Wang Wei-Lin	Beneficial owner	2,000,000	2,000,000
Mr. Shan Li	Beneficial owner	10,000,000	10,000,000
Dr. Li Jun	Beneficial owner	10,000,000	10,000,000
		88,750,000	88,750,000

All the interests disclosed above represent long positions in the Shares and underlying shares of the Company.

Other than as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions, whether beneficial or non-beneficial, in any Shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2011 as required to be recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") which was adopted on 5 July 2005. During the year ended 31 December 2011, 449,822,200 share options were granted under the Scheme. Particulars of the Schemes and details of the movements during the year in the share options of the Company are set out in note 34 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in note 34 to the consolidated financial statements, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 44 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the register of the Company's substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors or chief executives of the Company, the following Shareholders had notified the Company of their relevant interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation.

Name of shareholder	Capacity/ nature of interest	Number of ordinary shares (Note 1)	Percentage of the issueds hare capital
Hansom Group Limited	Beneficial owner (Note 2)	479,450,000(L)	10.66%
Goodluck Overseas Limited	Interest of controlled Corporation (Note 2)	479,450,000(L)	10.66%
Mr. Zhou Qingzhi	Interest of controlled Corporation (Note 2)	479,450,000(L)	10.66%

Notes:

1. The letter "L" denotes the persons' long positions in the Shares.

2. These represent the same parcel of Shares. Mr. Zhou Qingzhi is deemed to be interested in these Shares by virtue of his 64.25% interest in Goodluck Overseas Limited and Goodluck Overseas Limited is deemed to be interested in these Shares by virtue of its entire interest in Hansom Group Limited.

Other than as disclosed above, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in any Shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2011.

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 best 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.

CONNECTED TRANSACTIONS

Save as disclosed in note 44 to the consolidated financial statements, neither the Group nor the Company has any connected transactions and/or continuing connected transactions as defined under Chapter 14A of the Listing Rules during the year under review. Except for disclosed in note 44 to the consolidated financial statements, other related party transactions disclosed in note 44 to the consolidated financial statements are exempted continuing connected transactions.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors had any interests in competing business of the Group which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the best knowledge of the Directors, as at the latest practicable date prior to the issue of this report, the Directors consider that the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

Messrs. Deloitte Touche Tohmatsu have acted as auditor of the Company since its incorporation.

A resolution will be proposed in the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wong Chau Chi
Chairman
Hong Kong, 30 April 2012

TO THE SHAREHOLDERS OF 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)

We have audited the consolidated financial statements of CMMB Vision Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 93, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Group as at 31 December 2011 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 their 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 April 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	NOTES	2011 US$	2010 US$ (Restated)
Continuing operations			
Revenue		**—**	—
Other income	9	**25,275**	109,657
Administrative expenses		**(1,417,375)**	(2,244,980)
Research costs		**(898,974)**	(1,290,323)
Other expenses		**(2,726,419)**	(2,427,225)
Other gains and losses	10	**(11,411,046)**	(759,126)
Finance costs	11	**(73)**	(762)
Loss for the year from continuing operations	14	**(16,428,612)**	(6,612,759)
Discontinued operations			
Profit (loss) for the year from discontinued operations	13	**22,473,883**	(14,935,554)
Profit (loss) for the year		**6,045,271**	(21,548,313)
Other comprehensive expense			
Exchange differences arising on translation		**(1,149,818)**	(546,176)
Total comprehensive income (expense) for the year		**4,895,453**	(22,094,489)
Profit (loss) for the year attributable to owners of the Company:			
– from continuing operations		**(16,418,676)**	(6,612,759)
– from discontinued operations		**22,473,883**	(14,935,554)
Profit (loss) for the year attributable to owners of the Company		**6,055,207**	(21,548,313)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**(9,936)**	—
		6,045,271	(21,548,313)
Total comprehensive income (expense) attributable to:			
– Owners of the Company		**4,905,389**	(22,094,489)
– Non-controlling interests		**(9,936)**	—
Total comprehensive income (expense) for the year		**4,895,453**	(22,094,489)

	NOTES	2011	2010
		US$	US$
			(Restated)
Earnings (loss) per share	17		
From continuing and discontinued operations			
– Basic and diluted		**0.0017**	(0.0075)
From continued operations			
– Basic and diluted		**(0.0045)**	(0.0023)

Consolidated Statement of Financial Position

At 31 December 2011

	NOTES	**2011**	2010
		US$	US$
NON-CURRENT ASSETS			
Property, plant and equipment	18	**35,061**	15,669,442
Prepaid lease payments - non-current portion	19	**—**	703,693
Investment property	20	**—**	1,990,403
Intangible assets	21	**1,504,506**	—
Interests in associates	22	**—**	—
Deposits paid on acquisition of interests in associates	22	**—**	9,540,116
Available-for-sale investments	23	**—**	27,505
Other receivables	25	**—**	1,015,874
		1,539,567	28,947,033
CURRENT ASSETS			
Inventories	24	**—**	1,192,921
Trade and other receivables	25	**1,173,401**	2,788,563
Amount due from a related company	28	**—**	511,604
Prepaid lease payments - current portion	19	**—**	16,993
Bank balances and cash	26	**315,813**	3,957,006
		1,489,214	8,467,087
CURRENT LIABILITIES			
Trade and other payables	27	**1,592,645**	14,541,878
Amount due to a related company	28	**389,029**	56,853
Other borrowing - due within one year	29	**—**	120,797
		1,981,674	14,719,528
NET CURRENT LIABILITIES		**(492,460)**	(6,252,441)
		1,047,107	22,694,592

Consolidated Statement of Financial Position

At 31 December 2011

	NOTES	2011 US$	2010 US$
CAPITAL AND RESERVES			
Share capital	31	**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**	—
Total equity		**1,047,107**	(10,991,606)
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year	30	**—**	24,222,587
Other payables	27	**—**	9,463,611
		—	33,686,198
		1,047,107	22,694,592

The consolidated financial statements on pages 29 to 93 were approved and authorised for issue by the Board of directors on 30 April 2012 and are signed on its behalf by:

Wong Chau Chi	**Yang Yi**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to owners of the Company											
	Share capital US$	Share premium US$	Merger reserve US$ (note 32)	Statutory reserve US$ (note 33)	Distributable reserve US$ (note 34)	Share option reserve US$ (note 35)	Capital reserve US$	Exchange reserve US$	Accumulated losses US$	Sub-total US$	Non-controlling interests US$	Total US$
At 1 January 2010	2,979,580	19,312,789	31,987,096	6,391,242	18,464,516	4,113,363	1,639,897	12,677,093	(105,904,204)	(8,338,628)	–	(8,338,628)
Loss for the year	–	–	–	–	–	–	–	–	(21,548,313)	(21,548,313)	–	(21,548,313)
Exchange differences arising on translation	–	–	–	–	–	–	–	(546,176)	–	(546,176)	–	(546,176)
Total comprehensive expense for the year	–	–	–	–	–	–	–	(546,176)	(21,548,313)	(22,094,489)	–	(22,094,489)
Recognition of equity settled share-based payments	–	–	–	–	–	2,587,134	–	–	–	2,587,134	–	2,587,134
Forfeiture of share options	–	–	–	–	–	(822,701)	–	–	822,701	–	–	–
Exercise of share options	7,226	175,398	–	–	–	(77,127)	–	–	–	105,497	–	125,497
Issue of shares	1,449,509	15,321,304	–	–	–	–	–	–	–	16,770,813	–	16,770,813
Transaction costs related in issue of share and exercise of share options	–	(21,933)	–	–	–	–	–	–	–	(21,933)	–	(21,933)
At 31 December 2010	4,436,315	34,787,558	31,987,096	6,391,242	18,464,516	5,800,669	1,639,897	12,130,917	(126,629,816)	(10,991,606)	–	(10,991,606)
Profit for the year	–	–	–	–	–	–	–	–	6,055,207	6,055,207	(9,936)	6,045,271
Exchange differences arising on translation	–	–	–	–	–	–	–	(1,149,818)	–	(1,149,818)	–	(1,149,818)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	–	(1,149,818)	6,055,207	4,905,389	(9,936)	4,895,453
Recognition of equity settled share-based payments	–	–	–	–	–	1,133,276	–	–	–	1,133,276	–	1,133,276
Forfeiture of share options	–	–	–	–	–	(365,847)	–	–	365,847	–	–	–
Issue of shares	1,367,842	4,066,578	–	–	–	–	–	–	–	5,434,420	–	5,434,420
Transaction costs related in issue of shares	–	(8,258)	–	–	–	–	–	–	–	(8,258)	–	(8,258)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	186,513	186,513
Deemed capital contribution from a shareholder upon disposal of subsidiaries (note 36)	–	–	–	–	–	–	397,309	–	–	397,309	–	397,309
Release upon deconsolidation of a subsidiary	–	–	–	(6,391,242)	–	–	–	(10,952,179)	17,343,421	–	–	–
At 31 December 2011	5,804,157	38,845,878	31,987,096	–	18,464,516	6,568,098	2,037,206	28,920	(102,865,341)	870,530	176,577	1,047,107

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	NOTES	2011 US$	2010 US$
OPERATING ACTIVITIES			
Profit (loss) for the year		**6,045,271**	(21,548,313)
Adjustments for:			
Impairment loss recognised on trade and other receivables, net		**1,229,021**	698,644
Write-down of inventories		**78,678**	154,657
Release of prepaid lease payments		**19,622**	422,877
Finance costs		**1,741,179**	1,487,131
Interest income		**(2,676)**	(4,194)
Amortisation of intangible assets		**28,387**	—
Depreciation of property, plant and equipment		**1,087,992**	5,216,947
Depreciation of investment property		**149,023**	173,833
Share-based payments		**1,133,276**	2,587,134
Loss on disposal of property, plant and equipment		**790**	13,952
Loss on disposal of prepaid lease payments		**—**	26,875
Loss on fair value change of forward contract		**10,529,926**	—
Loss on acquisition of intangible assets		**1,095,362**	—
Gain on disposal of available-for-sale investments		**—**	(2,755)
Gain on deconsolidation of a subsidiary	36	**(29,535,692)**	—
Operating cash flows before movements in working capital		**(6,399,841)**	(10,773,212)
Decrease (increase) in inventories		**1,114,243**	(654,932)
Decrease in trade and other receivables		**386,141**	4,028,532
(Decrease) increase in trade and other payables		**(1,913,842)**	927,167
NET CASH USED IN OPERATING ACTIVITIES		**(6,813,299)**	(6,472,445)
INVESTING ACTIVITIES			
Repayment from a related company		**511,604**	—
Repayment from an associate		**26,064**	—
Interest received		**2,676**	4,194
Purchase of property, plant and equipment		**(161,979)**	(910,089)
Deconsolidation of a subsidiary/disposal of subsidiaries	36	**(128,203)**	—
Acquisition of financial assets		**—**	(11,519,735)
Advance to a related company		**—**	(511,604)
Deposits paid on acquisition of interests in associates		**—**	(990,968)
Proceeds from disposal of available-for-sale investments		**—**	3,652,755
Proceeds from disposal of prepaid lease payments		**—**	426,112
NET CASH FROM INVESTING ACTIVITIES		**250,162**	1,670,400

	2011 US$	2010 US$
FINANCING ACTIVITIES		
Proceeds from issue of shares	**3,992,678**	8,221,665
New other borrowing raised	**589,619**	—
Repayment to a related company	**(125,045)**	(143,063)
Interest paid	**(1,333,373)**	(1,439,994)
Repayment of other borrowings	**(120,925)**	(472,729)
Repayment of bank borrowings	**(100,574)**	(73,864)
Costs related to share issued and exercise of share options	**(8,258)**	(21,933)
Proceeds from exercise of share options	**—**	105,497
Repayment to a director	**—**	(154,129)
NET CASH FROM FINANCING ACTIVITIES	**2,894,122**	6,021,450
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(3,680,619)**	1,219,405
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**3,957,006**	2,721,621
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**39,426**	15,980
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**315,813**	3,957,006

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in provision of China Mobile Multimedia Broadcasting ("CMMB") services. During the year, the Group discontinued its rigid printed circuit boards and rigid printed circuit boards assembly business (see note 13).

The consolidated financial statements are presented in United States dollar while the functional currency of the Company is Renminbi. The directors selected United States dollar as the presentation currency because most of the shareholders of the Company are located outside the People's Republic of China (the "PRC") and United States dollar was considered to be more useful to the shareholders.

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$16,418,676 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 measures 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 as set out in note 22. The associates plan 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, one of the strategic business partners 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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(c) Upon completion of the acquisition of CMMB International Limited on 25 October 2011 (see note 37), 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") (see note 21). 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 which is controlled by a director of the Company, as set out in the note 44(b) and detailed in an announcement issued by the Company on 22 November 2011. The Company will settle the acquisition through issue of shares and convertible bonds 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) As set out in note 13, 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 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	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	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[1]	
Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets[2]
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]
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[5]
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets[4]
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[6]
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 2011.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired, disposed of or deconsolidated due to loss of control during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal or deconsolidation, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group, except for gain arising from a disposal to the ultimate shareholder of the Company which was recognised as deemed contribution under capital reserve. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The investments in associates are initially recognised in the consolidated statement of financial position (deemed cost) at its fair value at the date of acquisition.

Subsequent to its initial recognition, the carrying amounts of the investments in associates are adjusted thereafter under equity method to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 39 "Financial Instruments: Recognition and Measurements" are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

The Group acts as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods. Agency income is recognised when the related procurement and distribution of goods are completed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, such transfer does not change the carrying amount of the property transferred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are initially recognised in the consolidated statement of financial position at its fair value (deemed cost) at the date of acquisition. Subsequent to its initial recognition, the carrying amounts of intangible assets are carried at deemed cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight line basis over the terms of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease terms.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease terms on a straight line basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised to profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group are translated into the presentation currency of the Group (i.e. United States dollar) items using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve.

On the disposal or deconsolidation of subsidiaries which are not foreign operations, all of the relevant exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to accumulated losses.

Retirement benefit costs

Payments to defined contribution retirement benefit scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Shares and share options granted to employees of the Group

The fair value of services received determined by reference to the fair value of shares granted at the grant date is recognised as an expense in full at the grant date when the shares granted vest immediately, with a corresponding increase in equity (capital reserve).

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the counter parties render services, unless the services qualify for recognition as assets.

Share-based payment transaction for acquisition of assets

At the acquisition date, shares issued in exchange for acquisition of assets are measured at the fair values of the assets received, unless that fair value cannot be reliably measured, in which case the assets received are measured by reference to the fair value of the shares issued at the acquisition date. If the fair value of the relevant assets is less than the fair value of share issued as at the acquisition date, the difference between the fair value of share issued and the fair value of any identifiable assets is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables (including trade and other receivables, amount due from a related company and bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss is recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a related company, other borrowing and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instrument

A forward contract between the Group and the vendor for acquisition of interests in associates is accounted for as a derivative financial instrument under HKAS 39 “Financial Instruments: Recognition and Measurements”. Derivatives are initially recognised at fair value at the date when the derivative contract is entered into and are subsequently remeasured to their fair values at the end of each reporting period and up to the date of the acquisition of the relevant associates. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Amortisation and impairment of intangible assets

Intangible assets with definite useful lives of US$1,504,506 (2010: nil) at the end of the reporting period are amortised on a straight line basis over their estimated useful lives.

The Group determines the estimated useful lives approximate the contractual licensing period. Management will increase the amortisation charges where actual economic lives are less than estimated useful lives. Periodic review could result in a change in amortisable lives and therefore amortisation expenses in future years. Details of the intangible assets are set out in note 21.

During the year, management has evaluated the recoverability of intangible assets by way of discounted cash flow analysis derived from sales forecasts. If the actual sales forecasts are less than expected, an impairment loss may be required.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group estimates the future cash flows to determine the impairment loss. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. As at 31 December 2010, the carrying amount of trade receivables was US$1,249,614, net of impairment loss on trade receivables of US$25,800,086.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Fair value of forward contract

The fair value of forward contract for acquisition of associates as at 31 December 2010 (see note 22) was determined by reference to valuations carried out by an independent firm of professional valuers using business valuation techniques which involve certain assumptions of prevailing market conditions and apply a suitable discount rate and forecasting period in order to calculate the present value. Favourable or unfavorable changes to these assumptions may result in changes in the fair value of the forward contract and corresponding adjustments to the changes in fair value reported in the consolidated statement of comprehensive income and the carrying amount of interests in associates included in the consolidated statement of financial position. As at 31 December 2010, the directors of the Company considered the fair value of the forward contract to be financially insignificant.

Impairment of deposits paid for acquisition of interests in associates

The Group conducted impairment assessment of deposits paid for acquisition of interests in associates as at 31 December 2010 whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The recoverable amounts of deposits paid for acquisition of interests in associates requires the Group to estimate the future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and proceeds on the ultimate disposal of the investment and apply a suitable discount rate and forecasting period in order to calculate the present value. Where the actual future cash flows are less than expected or if there is any unfavourable changes to the underlying assumptions, a material impairment loss may arise. As at 31 December 2010, the carrying amount of deposits paid on acquisition of interests in associates of US$9,540,116.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity holders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes other borrowing and bank borrowings disclosed in notes 29 and 30, respectively, net of cash and cash equivalents disclosed in note 26 and equity attributable to owners of the Company, comprising issued share capital and share premium. After the deconsolidation of a subsidiary/disposal of subsidiaries as set out in note 36, the Group relies mainly on the equity financing from the owners of the Company.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associate with the capital. Based on recommendation of directors, the Group will balance its overall capital structure through, new share issues and share buy-backs as well as the issue of new debts and the repayment of existing debts.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2011	2010
	US$	US$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,218,622**	6,978,751
Available-for-sale financial assets	**—**	27,505
Financial liabilities		
Amortised cost	**1,399,894**	43,486,622

7b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and amount due to a related company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (represented by currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC. Its foreign currency sales and purchases expose the Group to foreign currency risk, particularly in United States dollar. In addition, certain bank balances are denominated in currencies other than the functional currency of the relevant group entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, at the reporting date are as follows:

	Liabilities		**Assets**	
	2011	2010	**2011**	2010
	US$	US$	**US$**	US$
United States dollar	**—**	8,620,990	**308,929**	2,370,141

The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

***Market risk** (Continued)*

(i) Currency risk *(Continued)*

Sensitivity analysis

In prior years, the Group was mainly exposed to the fluctuation in Renminbi against United States dollar. After the deconsolidation of a subsidiary and disposal of subsidiaries relating to PCB operations during the year as set out in note 13, the Group's exposure to this currency fluctuation is considered to be insignificant. Accordingly, no sensitivity analysis is performed below for the year ended 31 December 2011.

The following analysis detailed the Group's sensitivity to a 5% increase and decrease in Renminbi against United States dollar for the year ended 31 December 2010. 5% was the sensitivity rate used which represented management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included trade and other receivables, bank balances and trade and other payables where the denominations of these balances were in currencies other than the functional currency of the relevant group entities. If exchange rate of Renminbi against United States dollar had been increased/decreased by 5%, the Group's loss for the year ended 31 December 2010 would decrease/increase by approximately US$313,000.

(ii) Interest rate risk

As at 31 December 2010, the Group is exposed to fair value interest rate risk in related to fixed-rate other payables due after one year, other borrowings and bank borrowings (see notes 27, 29 and 30 for details of these borrowings). After the deconsolidation of a subsidiary and disposal of subsidiaries relating to PCB operations during the year as set out in note 13, the Group is no longer exposed to this fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk in relation to the bank balances due to the fluctuation of the prevailing market interest rates for both years.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arise. The Group's cash flow interest rate risk is mainly sensitive to the fluctuation of interest rate arising from the Group's bank balances.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

***Market risk** (Continued)*

(ii) Interest rate risk *(Continued)*

Sensitivity analysis

For the year ended 31 December 2011 and 2010, the Group's cash flow interest rate risk is only related to the impact of prevailing market interest rate change on bank balances which are all short-term in nature. Therefore, any future variations in interest rates will not have a significant impact on the result of the Group. Accordingly, no sensitivity analysis is performed for the years ended 31 December 2011 and 31 December 2010.

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on bank balances is limited because the counterparties are reputable banks in the PRC and Hong Kong.

As at 31 December 2010, the Group's concentration of credit risk by geographical locations was mainly in the PRC, which was approximately 99% of the total trade receivables . The Group also had concentration of credit risk as 76% and 94% of the total trade receivables was due from the largest customer and the five largest customers respectively within rigid printed circuit boards segment. All the customers were engaged in manufacturing or trading of rigid printed circuit boards. Management continuously reviewed the creditworthiness and the past collection history of each customer in order to identify impairment indicators and to make allowance, when necessary. After the deconsolidation of a subsidiary and disposal of subsidiaries relating to PCB operations during the year as set out in note 13, the Group does not have any trade receivables as at 31 December 2011.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The directors of the Company are taking active steps to improve the liquidity position of the Group and the Group should be able to continue as a going concern, details of which are set out in note 2.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

2011

	Weighted average interest rate	Less than 1 month on or demand	31 to 90 days	91 to 180 days	181 to 365 days	More than 1 year	Total undiscounted cash flows	Carrying amount at 31/12/2011
	%	US$	US$	US$	US$	US$	US$	US$
Financial liabilities								
Trade and other payables	–	1,010,865	–	–	–	–	1,010,865	1,010,865
Amount due to a related company	–	389,029	–	–	–	–	389,029	389,029
		1,399,894	–	–	–	–	1,399,894	1,399,894

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

***Liquidity risk** (Continued)*

Liquidity risk tables (Continued)

2010

	Weighted average interest rate	Less than 1 month on or demand	31 to 90 days	91 to 180 days	181 to 365 days	More than 1 year	Total undiscounted cash flows	Carrying amount at 31/12/2010
	%	US$	US$	US$	US$	US$	US$	US$
Financial liabilities								
Trade and other payables	—	5,231,445	4,391,329	—	—	—	9,622,774	9,622,774
Amount due to a related company	—	56,853	—	—	—	—	56,853	56,853
Fixed-rate long-term other payables	3	—	—	—	320,677	10,004,279	10,324,956	9,463,611
Fixed-rate other borrowing	10	132,877	—	—	—	—	132,877	120,797
Fixed-rate bank borrowings	4.78	—	—	—	—	25,380,427	25,380,427	24,222,587
		5,421,175	4,391,329	—	320,677	35,384,706	45,517,887	43,486,622

7c. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. SEGMENT INFORMATION

Information reported to the Group's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Previously, the Group was involved in manufacturing and sale of rigid printed circuit boards and rigid printed circuit boards assembly. As set out in note 13, these manufacturing operations were discontinued with effect from 30 March 2011 to realign the Group's business focus and resources in the CMMB business in line with the Group's latest business strategy.

Since the discontinuation of PCB operations, the Group's executive directors review the Group's results for the year and total assets from the continuing operations as a whole, which mainly represent CMMB business, for resource allocation and performance assessment. Accordingly, no further segment information was presented. CMMB business represents the development and investment in mobile multimedia broadcasting projects.

The non-current assets of the Group which mainly represented licensing right of CMMB technology registered in the PRC.

9. OTHER INCOME

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

Note: The Group continued to carry out the agency service relating to procurement and distribution of PCB materials and generate agency income for both years, although such continuing service is not considered as the main revenue generating activities other than the CMMB business. During the year, an agency income of US$21,677 (2010: US$105,671) is recognised which represented the difference between gross proceeds received from the customers of US$1,772,467 (2010: US$5,447,279) and related cost payable to the suppliers of US$1,750,790 (2010: US$5,341,608).

10. OTHER GAINS AND LOSSES

	2011	2010
	US$	US$
		(Restated)
Continuing operations		
Impairment loss reversed (recognised) on trade and other receivables, net	**214,242**	(759,126)
Loss on fair value change of forward contract (note 22)	**(10,529,926)**	—
Loss on acquisition of intangible assets (note 37)	**(1,095,362)**	—
	(11,411,046)	(759,126)

11. FINANCE COSTS

	2011	2010
	US$	US$
		(Restated)
Continuing operations		
Interest on bank overdrafts wholly repayable within five years	**73**	762

12. TAXATION

No provision for Hong Kong Profits Tax and Taiwan Income Tax has been made as the Group has no assessable profit which neither arose in, nor derived from Hong Kong and Taiwan. After the disposal of subsidiaries relating to PCB operations during the year as set out in note 13, the Group no longer has any operation in Taiwan.

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 consolidated financial statements as all of the PRC subsidiaries did not have taxable income for both years.

The taxation for the year can be reconciled to the loss before taxation from continuing operations as follows:

	2011	2010
	US$	US$
		(Restated)
Loss before taxation from continuing operations	**(16,428,612)**	(6,612,759)
Tax at the domestic income tax rate of 25%	**(4,107,153)**	(1,653,190)
Tax effect of income not taxable for tax purpose	**(6,318)**	(27,414)
Tax effect of expenses not deductible for tax purpose	**4,113,471**	1,680,604
Taxation for the year relating to continuing operations	**—**	—

13. DISCONTINUED OPERATIONS

On 30 March 2011, the Company entered into a sale and purchase agreement in connection with the disposal of the entire interest in Global Technology International Limited ("GTI") and its subsidiaries (collectively referred to as the "Disposal Group") at a consideration of HK$1,000 (equivalent to approximately US$129), to a related company which is controlled by Mr. Wong Chau Chi, a director of the Company and the ultimate shareholder of a shareholder of the Company. The Disposal Group carried out all of the Group's manufacture and sale of rigid printed circuit boards and rigid printed circuit boards assembly. Details of the transactions are set out in a circular issued by the Company dated 12 October 2011. The comparative figures related to discontinued operations have been re-presented.

Before the completion of this transaction, the People's Court of Wuzhong in Suzhou of the PRC declared that Global Flex (Suzhou), a wholly-owned subsidiary of GTI, be liquidated as initiated by a bank creditor and appointed liquidators to take over the control of Global Flex (Suzhou) Limited ("Global Flex (Suzhou)") as a result of its failure to implement the debt restructuring plan by repaying its liabilities. The Disposal Group lost control over a wholly-owned subsidiary, Global Flex (Suzhou) on 2 December 2011. Upon deconsolidation, the investments in Global Flex (Suzhou) had been classified as an available-for-sale investment within the scope of HKAS 39. The acquirer agreed to continue to proceed the disposal transaction pursuant to the sale and purchase agreement even through Global Flex (Suzhou) was in the process of the liquidation (see note 36), and the disposal was completed on 9 December 2011 when control of the Disposal Group passed to the acquirer, a related company which is controlled by Mr. Wong Chau Chi.

The profit (loss) for the period/year from the discontinued operations is analysed as follows:

	2011 **US$**	2010 US$
Profit (loss) from discontinued operations for the period/year	**22,473,883**	(14,935,554)

The results of the discontinued operations for the period from 1 January 2011 to 9 December 2011, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.1.2011 **to** **9.12.2011** **US$**	1.1.2010 to 31.12.2010 US$
Revenue	**1,261,760**	8,270,352
Cost of sales	**(4,186,651)**	(18,993,259)
Other income	**367,212**	743,841
Distribution and selling expenses	**(98,947)**	(330,496)
Administrative expenses	**(1,220,024)**	(3,161,033)
Other gains and losses	**(1,444,053)**	22,410
Gain on deconsolidation of a subsidiary (note 36)	**29,535,692**	—
Finance costs	**(1,741,106)**	(1,486,369)
Loss for the period/year	**22,473,883**	(14,935,554)

13. DISCONTINUED OPERATIONS *(Continued)*

	1.1.2011 to 9.12.2011 US$	1.1.2010 to 31.12.2010 US$
Loss for the year from discontinued operations has been arrived at after charging (crediting)		
Staff costs, including directors' remuneration		
– Salaries and allowances	**1,325,743**	2,237,133
– Retirement benefit scheme contributions	**43,769**	117,556
Total staff costs	**1,369,512**	2,354,689
Cost of inventories recognised as expense	**4,186,651**	18,993,259
Depreciation of property, plant and equipment	**1,074,101**	5,211,969
Depreciation of investment property	**149,023**	173,833
Impairment loss recognised (reversed) on trade and other receivables, net (Note i)	**1,443,263**	(60,482)
Interest on bank and other borrowings wholly repayable within five years	**1,681,858**	1,168,765
Interest on other payables wholly repayable within five years	**59,248**	317,604
Release of prepaid lease payments	**19,622**	422,877
Loss on disposal of property, plant and equipment (Note i)	**790**	13,952
Loss on disposal of prepaid lease payments (Note i)	**—**	26,875
Write-down of inventories included in cost of sales (Note ii)	**78,678**	154,657
Bank interest income	**(2,605)**	(1,830)
Net exchange (gain)/loss, net	**1,650**	(54,374)
Gain on disposal of available-for-sale investments (Note i)	**—**	(2,755)
Gross rental income from investment property	**(117,765)**	(123,205)
Less: direct operating expenses from investment property that generated rental income during the period/year	**6,272**	3,517
	(111,493)	(119,688)

Note:

(i) The amounts are included in other gains and losses.

(ii) During the year ended 31 December 2011, as the carrying amounts of certain inventories exceed their net realisable values, a written down of US$78,678 (2010: US$154,657) had been recognised.

13. DISCONTINUED OPERATIONS *(Continued)*

During the year, the Disposal Group contributed US$457,581 (2010: US$118,140) to the Group's net operating cash outflow, paid US$158,963 (2010: received US$3,171,019) in respect of investing activities and paid US$1,372,986 (2010: US$2,025,242) in respect of financing activities.

The carrying amounts of the assets and liabilities of Global Flex (Suzhou) at the date of deconsolidation and the Disposal Group at the date of disposal are disclosed in note 36.

14. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2011	2010
	US$	US$
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	**—**	457,994
Total staff costs	**419,707**	954,795
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	**6,083**	12,760

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

15. DIRECTORS' AND EMPLOYEES' REMUNERATIONS

The emoluments paid or payable to each of the directors of the Company were as follows:

2011

	Wong Chau Chi US$	Chou Tsan Hsiung US$	Wang Wei-Lin US$	Li Shan US$	Liu Hui US$	Yu Kam Kee, Lawrence US$ (note)	Yang Yi US$	Li Jun US$	Total US$
Fees	—	—	—	—	—	—	—	—	—
Other emoluments									
Salaries and allowances	54,319	—	—	—	56,000	—	—	—	110,314
Retirement benefit scheme contributions	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	—
Total emoluments	54,319	—	—	—	56,000	—	—	—	110,314

2010

	Wong Chau Chi US$	Chou Tsan Hsiung US$	Wang Wei-Lin US$	Li Shan US$	Lui Hui US$	Yu Kam Kee, Lawrence US$	Yang Yi US$	Li Jun US$	Total US$
Fees	—	—	—	—	—	—	—	—	—
Other emoluments									
Salaries and allowances	172,096	—	—	—	—	—	—	—	172,096
Retirement benefit scheme contributions	—	—	—	—	—	—	—	—	—
Share-based payments	175,511	—	—	—	—	—	—	—	175,511
Total emoluments	347,607	—	—	—	—	—	—	—	347,607

note: Resigned on 1 June 2011

15. DIRECTORS' AND EMPLOYEES' REMUNERATIONS *(Continued)*

The five highest paid individuals in the Group included two (2010: one) directors of the Company and details of their emoluments are included above. The emoluments of the remaining three (2010: four) individuals are as follows:

	2011	2010
	US$	US$
Salaries and allowances	**105,055**	324,342
Retirement benefit scheme contributions	**1,548**	—
Share-based payments	**—**	66,316
	106,603	390,658

	2011 Number of employees	2010 Number of employees
HK$nil to HK$1,000,000	**3**	4

During both years, no emoluments were paid by the Group to these five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, six (2010: seven) directors waived emoluments of US$139,320 (2010: US$162,540) during the year.

16. DIVIDENDS

No dividend was paid, declared or proposed during both years, nor has any dividend been proposed since the end of the reporting period.

17. 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	2010
	US$	US$
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**6,055,207**	(21,548,313)

Number of shares

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

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

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 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 from continuing operations.

18. PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings US$	Machinery and equipment US$	Motor vehicles US$	Office and other equipment US$	Total US$
COST					
At 1 January 2010	21,958,126	41,866,398	568,307	5,121,405	69,514,236
Exchange adjustments	566,170	1,298,052	16,862	156,874	2,037,958
Additions	269,878	586,044	—	54,167	910,089
Transfer to investment property	(3,712,000)	—	—	—	(3,712,000)
Disposals	—	(47,273)	—	(92,250)	(139,523)
At 31 December 2010	19,082,174	43,703,221	585,169	5,240,196	68,610,760
Exchange adjustments	987,306	2,230,480	28,989	267,750	3,514,525
Addition	16,246	17,109	—	128,624	161,979
Disposals	—	(1,165,075)	(214,017)	(128,113)	(1,507,205)
Deconsolidation of a subsidiary	(20,085,726)	(44,785,735)	(375,251)	(5,476,693)	(70,723,405)
At 31 December 2011	—	—	24,890	31,764	56,654
DEPRECIATION AND IMPAIRMENT					
At 1 January 2010	10,759,943	32,444,970	407,385	4,298,670	47,910,968
Exchange adjustments	307,536	1,086,892	12,561	141,153	1,548,142
Provided for the year	1,066,473	3,665,257	51,094	434,123	5,216,947
Transfer to investment property	(1,609,168)	—	—	—	(1,609,168)
Eliminated on disposals	—	(42,546)	—	(83,025)	(125,571)
At 31 December 2010	10,524,784	37,154,573	471,040	4,790,921	52,941,318
Exchange adjustments	552,222	1,913,470	23,985	251,995	2,741,672
Provided for the year	291,024	685,511	13,706	97,751	1,087,992
Eliminated on disposals	—	(1,023,030)	(184,232)	(140,107)	(1,347,369)
Eliminated on deconsolidation of a subsidiary	(11,368,030)	(38,730,524)	(312,054)	(4,991,412)	(55,402,020)
At 31 December 2011	—	—	12,445	9,148	21,593

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Plant and buildings US$	Machinery and equipment US$	Motor vehicles US$	Office and other equipment US$	Total US$
CARRYING VALUES					
At 31 December 2011	—	—	12,445	22,616	35,061
At 31 December 2010	8,557,390	6,548,648	114,129	449,275	15,669,442

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Plant and buildings	5%
Machinery and equipment	10%
Motor vehicles	20%
Office and other equipment	10-20%

As at 31 December 2010, the Group has pledged plant and buildings having a carrying value of US$8,290,685 and machinery and equipment having a carrying value of US$3,578,941 to secure general banking facilities granted to the Group.

19. PREPAID LEASE PAYMENTS

	2011 US$	2010 US$
The Group's prepaid lease payments comprise:		
Leasehold land in the PRC:		
Medium-term lease	—	720,686
Analysed for reporting purposes as:		
Current asset	—	16,993
Non-current asset	—	703,693
	—	720,686

During the year ended 31 December 2010, the Group disposed of certain prepaid lease payments with a carrying amount of US$452,987, resulting in a loss on disposal of US$26,875.

As at 31 December 2010, the Group has pledged prepaid lease payments having a carrying value of US$720,686 to secure general banking facilities granted to the Group.

During the year, the Group's prepaid lease payments were derecognised upon the deconsolidation of Global Flex (Suzhou) during the year as set out in note 36.

20. INVESTMENT PROPERTY

	US$
COST	
At 1 January 2010	—
Transfer from property, plant and equipment (note 18)	3,712,000
Exchange adjustments	115,182
At 31 December 2011	3,827,182
Deconsolidation of a subsidiary	(4,025,199)
Exchange adjustments	198,017
At 31 December 2011	—
DEPRECIATION AND IMPAIRMENT	
At 1 January 2010	—
Transfer from property, plant and equipment (note 18)	1,609,168
Provided for the year	173,833
Exchange adjustments	53,778
At 31 December 2010	1,836,779
Provided for the year	149,023
Eliminated on deconsolidation of a subsidiary	(2,133,073)
Exchange adjustment	150,776
At 31 December 2011	—
CARRYING VALUE	
At 31 December 2011	—
At 31 December 2010	1,990,403

During the year ended 31 December 2010, the Group transferred building previously classified as property, plant and equipment with a carrying amount of US$2,102,832 to investment property. The transfer was evidenced by end of owner-occupation.

As at 31 December 2010, the directors consider the carrying value of the investment property approximates its fair value. The above investment property is depreciated using the straight line method, after taking into account their estimated residual value, over 20 years.

The investment property was situated on land in the PRC with medium-term lease. As at 31 December 2010, the Group has pledged the investment property having a carrying value of US$1,990,403 to secure general banking facilities granted to the Group.

21. INTANGIBLE ASSETS

	Licensing rights US$
COST	
At 1 January 2010 and 31 December 2010	—
Acquired through acquisition of a subsidiary (note 37)	1,532,893
At 31 December 2011	1,532,893
AMORTISATION	
At 1 January 2010 and 31 December 2010	—
Provided for the year	28,387
At 31 December 2011	28,387
CARRYING VALUE	
At 31 December 2011	1,504,506
At 31 December 2010	—

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.

22. INTERESTS IN ASSOCIATES/DEPOSITS PAID ON ACQUISITION OF INTERESTS IN ASSOCIATES

	2011	2010
	US$	US$
Deposits paid on acquisition of interests in associates	—	9,540,116
Deemed cost of unlisted investments in associates:		
– Deposits paid during the year ended 31 December 2010	9,540,116	—
– Payment during the year	989,810	—
– Loss on fair value change of forward contract	(10,529,926)	—
	—	—

On 2 September 2010, the Company entered into an equity transfer agreement with an independent third party, pursuant to which the Company (or its nominee) acquired 30% equity interest in 北京富學傳媒文化有限公司 (“Fuxue”) and 30% equity interest in 北京德神傳動廣告有限責任公司 (“Deshen”), both companies established under the laws of the PRC, for a consideration of HK$81,606,926 (equivalent to US$10,529,926), which is payable as to HK$15,351,026 (equivalent to US$1,980,778) by way of cash and the balance of HK$66,255,900 (equivalent to US$8,549,148) by way of new issue of 530,047,200 ordinary shares in the Company’s share capital at an issue price of HK$0.125 per share. As at 31 December 2010, deposits paid on acquisition of interests in associates of US$9,540,116 represented all the consideration shares issued and HK$7,680,002 (equivalent to US$990,968) of the cash consideration paid to the vendor. The remaining consideration of HK$7,671,024 (equivalent to US$989,810) was settled during the year.

Interests in associates

	2011	2010
	US$	US$
Deemed cost of unlisted investments	—	—

22. INTERESTS IN ASSOCIATES/DEPOSITS PAID ON ACQUISITION OF INTERESTS IN ASSOCIATES *(Continued)*

Details of the Group's associates as at 31 December 2011 are as follows:

Name of associate	Country of registration and operation	Paid-up registered capital	Attributable equity interest held by the Group	Principal activity
Fuxue (note)	PRC	RMB3,000,000	30%	Provision of CMMB service
Deshen (note)	PRC	RMB500,000	30%	Provision of CMMB service

Note: These English names are for identification purpose.

The Group's associates recorded net liabilities at the date of acquisition and at the end of the reporting period. In absence of legal or constructive obligations or making payments on behalf of that associate, no shares of losses of associates are recognised during the year.

The consideration paid on acquisition of Fuxue and Deshen was determined by reference to discounted cash flow analysis based on the Group's assumptions of prevailing market conditions associated with the estimated future cash flows expected to be generated from the associates at the time of signing the acquisition agreement, i.e. 2 September 2010. The agreement constitutes a forward contract to acquire investments in associates within the scope of HKAS 39 to account for it at fair value on initial recognition and at each of the subsequent reporting date, up till the date of acquisition. As at 31 December 2010, the directors of the Company considered the fair value of the forward contract to be financially insignificant.

22. INTERESTS IN ASSOCIATES/DEPOSITS PAID ON ACQUISITION OF INTERESTS IN ASSOCIATES *(Continued)*

The acquisition of Fuxue and Deshen has been completed in August 2011. The fair value of the relevant associates at the date of acquisition has been arrived at by reference to business valuations carried out on that date by an independent valuer, Roma Appraisals Limited, using business valuation techniques which involve certain assumptions of prevailing market conditions and apply a discount rate of 32.24% per annum and further adjusted for all outstanding debts at the date of acquisition. The resulting fair value (deemed cost) of unlisted investments at the date of completion is negligible and accordingly, a loss on fair value change of forward contract of US$10,529,926 was recognised in profit or loss as set out in note 10.

The significant loss on fair value of forward contract is mainly attributable to the change in business plans of the associates in 2011. In 2010, Fuxue and Deshen signed service and cooperation agreements with China Broadcasting Company under the SARFT, respectively, to jointly develop and operate certain local CMMB projects in different PRC cities. Details of the acquisition of interests in associates are set out in the announcements of the Company dated 3 September 2010, 27 September 2010 and 18 October 2010. However, due to keen competition in the PRC since 2011, the original business plan was not as profitable as expected. The associates have changed their business plan to contribute their own production capacity to create a consolidated operating platform with a subsidiary of the Company as set out in note 2 during the year before the completion of the acquisition.

23. AVAILABLE-FOR-SALE INVESTMENTS

The Group disposed of unlisted equity securities, which had been carried at cost less impairment before the disposal. A gain on disposal of US$2,755 included in the results from discontinued operations for the year ended 31 December 2010 has been recognised in profit or loss.

As at 31 December 2010, the remaining amount of available-for-sale investments represents the club debenture which is held on a long-term basis. The available-for-sales investments were derecognised upon the deconsolidation of a subsidiary during the year as set out in note 36.

24. INVENTORIES

	2011	2010
	US$	US$
Raw materials	—	376,848
Work-in-progress	—	379,206
Finished goods	—	436,867
	—	1,192,921

25. TRADE AND OTHER RECEIVABLES

	2011	2010
	US$	US$
Trade receivables	—	27,049,700
Less: Accumulated impairment	—	(25,800,086)
	—	1,249,614
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	—	(1,297,964)
	1,173,401	1,538,949
Total trade and other receivables	1,173,401	2,788,563

The Group generally allows credit period ranged from 30 days to 120 days to its customers.

As at 31 December 2010, other receivables included in non-current assets represented an advance to Fuxue of US$1,015,874 which was interest free, unsecured and repayable on demand. The directors of the Company consider that the amount will not be repaid within twelve months after the end of the reporting period. Accordingly, the advance to Fuxue was classified as non-current assets as 31 December 2010. The amount was fully recovered during the year.

25. TRADE AND OTHER RECEIVABLES *(Continued)*

The aged analysis of the trade receivables, presented based on invoice date, net of allowance for doubtful debts as at the end of the reporting period are as follows:

	2011	2010
	US$	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
	—	1,249,614

Before accepting any new customer, the Group has to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. 84% of the trade receivables that are neither past date nor impaired as at 31 December 2010 have no default payment history.

Included in the Group's trade receivable balance as at 31 December 2010 were debtors with aggregate carrying amount of US$200,314 which were past due at the reporting date for which the Group had not provided for impairment loss. The Group did not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2011	2010
	US$	US$
91 - 120 days	**—**	4,020
121 - 365 days	**—**	196,294
	—	200,314

Other than the above trade receivables which are past due but not impaired, the Group has provided fully for all receivables over 365 days because historical experience is that receivables that are past due beyond 365 days are generally not recoverable.

25. TRADE AND OTHER RECEIVABLES *(Continued)*

Movement in the allowance for trade receivables

	2011	2010
	US$	US$
Balance at beginning of the year	**25,800,086**	32,148,915
Exchange adjustments	**1,310,690**	115,499
Amounts written off as uncollectible	**—**	(6,170,834)
Deconsolidation of a subsidiary	**(28,339,797)**	—
Impairment loss recognised	**1,443,263**	443,160
Reversal of impairment loss	**(214,242)**	(736,654)
Balance at end of the year	**—**	25,800,086

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts as at 31 December 2010 are individually impaired trade receivables with an aggregate balance of US$25,800,086 which have either been placed under liquidation or in severe financial liabilities. The Group does not hold any collateral over these balances.

Movement in the allowance for other receivables

	2011	2010
	US$	US$
Balance at beginning of the year	**1,297,964**	3,423,553
Exchange adjustments	**67,156**	41,798
Amounts written off as uncollectible	**—**	(3,159,525)
Deconsolidation of a subsidiary/disposal of subsidiaries	**(1,365,120)**	—
Impairment loss recognised	**—**	992,138
Balance at end of the year	**—**	1,297,964

The impairment loss recognised on other receivables because the counterparties have financial difficulties.

25. TRADE AND OTHER RECEIVABLES *(Continued)*

Movement in the allowance for other receivables *(Continued)*

The carrying amounts of the Group's trade and other receivables denominated in currencies other than functional currencies of the relevant group entities at the reporting date are as follows:

	2011	2010
	US$	US$
United States dollar	—	950,831

26. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.3% (2010: 0.01% to 0.3%) per annum.

The carrying amounts of the Group's balances denominated in currencies other than financial currencies of the relevant group entities at the reporting date are as follows:

	2011	2010
	US$	US$
United States dollar	308,929	1,419,310

27. 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	2010
	US$	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	—	3,164,133
	—	8,559,863
Advance from customers	—	636,067
Accruals	579,584	4,515,581
Other tax payables	—	403,523
Other payables (note)	1,013,061	426,844
Total trade and other payables	1,592,645	14,541,878

Note: Included in the Group's other payables balance as at 31 December 2011 were payment of expenses by a director of the Company on the Group's behalf with aggregate carrying amount of US$375,806 (2010: nil).

27. TRADE AND OTHER PAYABLES *(Continued)*

The average credit period on purchases of goods is 150 days.

The carrying amounts of the Group's trade and other payables denominated in currencies other than functional currencies of the relevant group entities at the reporting date are as follows:

	2011	2010
	US$	US$
United States dollar	—	8,620,990

Other payables of US$9,463,611 as at 31 December 2010 was classified as non-current liabilities as the maturity dates of the related payables were more than one year after the end of the reporting period pursuant to a debt restructuring. The amounts borne fixed interest rate of 3% per annum and were derecognised upon the deconsolidation of a subsidiary during the year as set out in note 36.

28. AMOUNT DUE FROM (TO) RELATED COMPANIES

The amounts are non-interest bearing, unsecured and repayable on demand. The related companies are controlled by Mr. Wong Chau Chi.

29. OTHER BORROWING

As at 31 December 2010, the other borrowing was unsecured, borne fixed interest rate at 10% per annum and repayable on demand. The other borrowing were derecognised upon the deconsolidation of a subsidiary during the year as set out in note 36.

30. BANK BORROWINGS

	2011 US$	2010 US$
The bank borrowings are secured and repayable as follows:		
In more than one year but not more than two years	—	1,509,958
In more than two years but not more three years	—	6,918,832
In more than three years but not more than four years	—	15,793,797
	—	24,222,587

As at 31 December 2010, all bank borrowings carried fixed interest rate of 4.78% per annum and repayable by three instalments on 31 December 2012, 31 December 2013 and 31 December 2014, respectively. All bank borrowings were derecognised upon the deconsolidation of a subsidiary during the year as set out in note 36.

31. SHARE CAPITAL

	Number of shares	Nominal value HK$	Shown as US$
Authorised:			
Ordinary shares of HK$0.01 each as at 1 January 2010, 31 December 2010 and 31 December 2011	50,000,000,000	500,000,000	
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
As at 1 January 2010	2,309,175,000	23,091,750	2,979,580
Issue of new shares (Note i)	1,123,369,000	11,233,690	1,449,509
Exercise of share options (Note 34)	5,600,000	56,000	7,226
As at 31 December 2010	3,438,144,000	34,381,440	4,436,315
Issue of new shares (Note ii)	1,060,078,000	10,600,780	1,367,842
As at 31 December 2011	4,498,222,000	44,982,220	5,804,157

31. SHARE CAPITAL *(Continued)*

Notes:

(i) On 7 January 2010, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 200,000,000 new shares of the Company for an aggregate consideration of HK$20,600,000 (equivalent to US$2,658,065) at a subscription price of HK$0.103 per ordinary share representing a discount of approximately 16% to the closing market price of HK$0.123 per share of the Company on 7 January 2010.

On 28 January 2010, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 165,945,000 new shares of the Company for an aggregate consideration of HK$17,922,060 (equivalent to US$2,312,524) at a subscription price of HK$0.108 per ordinary share representing a discount of approximately 11% to the closing market price of HK$0.121 per share of the Company on 28 January 2010.

On 25 May 2010, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 184,400,000 new shares of the Company for an aggregate consideration of HK$20,468,400 (equivalent to US$2,641,084) at a subscription price of HK$0.111 per ordinary share representing a discount of approximately 6% to the closing market price of HK$0.118 per share of the Company on 25 May 2010.

On 10 September 2010, as disclosed in note 22, the Company issued 530,047,200 new shares of HK$0.125 per ordinary share to acquire 30% equity interests in Fuxue and Deshen. The issue price represented a discount of approximately 4% to the closing market price of HK$0.13 per share of the Company on 10 September 2010.

On 2 December 2010, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 42,976,800 new shares of the Company for an aggregate consideration of approximately HK$4,727,000 (equivalent to US$609,992) at a subscription price of HK$0.11 per ordinary share which approximated the closing market price of HK$0.11 per share of the Company on 2 December 2010.

The proceeds from the shares issued as mentioned above are applied for the Group's working capital financing and investment purposes.

(ii) 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.

32. MERGER RESERVE

The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of GTI acquired pursuant to a group reorganisation on 5 July 2005.

33. STATUTORY RESERVE

Pursuant to the relevant regulations applicable to foreign investment enterprises established in the PRC, certain PRC subsidiaries of the Company are required to transfer certain percent of its profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to offset accumulated losses or increase capital. During the year, the Group transferred the statutory reserve to accumulated losses upon deconsolidation of a subsidiary as set out in note 36.

34. SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of the sole shareholder of the Company passed on 5 July 2005.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the shares of the Company in issue on 10 October 2005 (the "General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

As at 31 December 2010, the total number of share available for issue in respect thereof was 267,512,000 shares, representing 10% of the total issued shares after renewal and approval of the General Scheme Limit in an extraordinary general meeting held on 26 February 2010.

During the year, the General Scheme Limit was renewed and approved by the shareholders in an extraordinary general meeting held on 28 October 2011. As at 31 December 2011, the total number of share available for issue in respect thereof is 343,814,400 shares, representing 10% of the total issued shares on 28 October 2011.

34. SHARE OPTION SCHEME *(Continued)*

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the shares under the Share Option Scheme will be a price determined by the directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

34. SHARE OPTION SCHEME *(Continued)*

Details of the share options granted and outstanding under the Share Option Scheme during the year were as follows:

					Number of share options								
Category	Date of grant	Exercise price HK$	Vesting period	Exercise period	Outstanding at 1/1/2010	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31/12/2010 and 1/1/2011	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31/12/2011
Directors													
Wong Chau Chi	24 January 2007	0.475	24 January 2007 to 23 July 2007	24 July 2007 to 23 January 2010	12,500,000	–	–	(12,500,000)	–	–	–	–	–
	5 November 2009	0.128	Note	5 November 2009 to 4 November 2012	10,000,000	–	–	–	10,000,000	–	–	–	10,000,000
	23 February 2010	0.121	Note	23 February 2010 to 22 February 2013	–	16,750,000	–	–	16,750,000	–	–	–	16,750,000
Chou Tsan Hsiung	5 November 2009	0.128	Note	5 November 2009 to 4 November 2012	10,000,000	–	–	–	10,000,000	–	–	–	10,000,000
Li Jun	5 November 2009	0.128	Note	5 November 2009 to 4 November 2012	10,000,000	–	–	–	10,000,000	–	–	–	10,000,000
Wang Wei-Lin	5 November 2009	0.128	Note	5 November 2009 to 4 November 2012	2,000,000	–	–	–	2,000,000	–	–	–	2,000,000
Yu Kam Kee, Lawrence	5 November 2009	0.128	Note	5 November 2009 to 4 November 2012	2,000,000	–	–	–	2,000,000	–	–	(2,000,000)	–
Yang Yi	5 November 2009	0.128	Note	5 November 2009 to 4 November 2012	15,000,000	–	–	–	15,000,000	–	–	–	15,000,000
	24 November 2009	0.146	Note	24 November 2009 to 23 November 2012	5,000,000	–	–	–	5,000,000	–	–	–	5,000,000
Liu Hui	24 November 2009	0.146	Note	24 November 2009 to 23 November 2012	10,000,000	–	–	–	10,000,000	–	–	–	10,000,000
Li Shan	5 November 2009	0.128	Note	5 November 2009 to 4 November 2012	10,000,000	–	–	–	10,000,000	–	–	–	10,000,000
Total directors					86,500,000	16,750,000	–	(12,500,000)	90,750,000	–	–	(2,000,000)	88,750,000

34. SHARE OPTION SCHEME *(Continued)*

Category	Date of grant	Exercise price HK$	Vesting period	Exercise period	Number of share options: Outstanding at 1/1/2010	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31/12/2010 and 1/1/2011	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31/12/2011
Employees	23 August 2007	0.47	23 August 2007 to 22 August 2010	23 August 2010 to 22 August 2011	3,333,334	–	–	–	3,333,334	–	–	(3,333,334)	–
	25 September 2009	0.119	Note	25 September 2009 to 23 November 2012	29,333,333	–	–	(5,000,000)	24,333,333	–	–	(18,833,333)	5,500,000
	24 November 2009	0.146	Note	24 November 2009 to 23 November 2012	4,000,000	–	–	(195,000)	3,805,000	–	–	(3,161,000)	644,000
	3 June 2010	0.121	Note	3 June 2010 to 2 June 2013	–	30,000,000	–	–	30,000,000	–	–	–	30,000,000
	18 June 2010	0.125	Note	18 June 2010 to 17 June 2013	–	13,510,000	–	–	13,510,000	–	–	–	13,510,000
Total Employees					36,666,667	43,510,000	–	(5,195,000)	74,981,667	–	–	(25,327,667)	49,654,000

34. SHARE OPTION SCHEME *(Continued)*

Category	Date of grant	Exercise price HK$	Vesting period (Note)	Exercise period	Number of share options: Outstanding at 1/1/2010	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31/12/2010 and 1/1/2011	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31/12/2011
Consultants	24 January 2007	0.475	24 January 2007 to 23 July 2007	24 July 2007 to 23 January 2010	37,500,000	–	–	(37,500,000)	–	–	–	–	–
	25 September 2009	0.119	Note	25 September 2009 to 24 September 2012	39,000,000	–	–	–	39,000,000	–	–	–	39,000,000
	24 November 2009	0.146	Note	24 November 2009 to 23 November 2012	109,500,000	–	(5,600,000)	–	103,900,000	–	–	–	103,900,000
	23 February 2010	0.121	Note	23 February 2010 to 22 February 2013	–	2,695,000	–	–	2,695,000	–	–	–	2,695,000
	3 June 2010	0.121	Note	3 June 2010 to 2 June 2013	–	204,000,000	–	–	204,000,000	–	–	–	204,000,000
	18 June 2010	0.125	Note	18 June 2010 to 17 June 2013	–	20,000,000	–	–	20,000,000	–	–	–	20,000,000
	23 November 2011	0.04	Note	23 November 2011 to 22 November 2014	–	–	–	–	–	449,822,200	–	–	449,822,200
Total consultants					186,000,000	226,695,000	(5,600,000)	(37,500,000)	369,595,000	449,822,200	–	–	819,417,000
Total					309,166,667	286,955,000	(5,600,000)	(55,195,000)	535,326,667	449,822,200	–	(27,327,667)	957,821,200
Exercisable at the end of the year									535,326,667				957,821,200
Weighted average exercise price (HK$)					0.19	0.12	0.15	0.44	0.13	0.04	–	0.17	0.09

Note: The share options were vested immediately on the date of grant.

34. SHARE OPTION SCHEME *(Continued)*

On 16 April 2010, 5,600,000 share options were exercised by a consultant at subscription price of HK$0.146. The weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK$0.173.

During the year ended 31 December 2010, share options of 19,445,000, 234,000,000, and 33,510,000 were granted on 23 February 2010, 3 June 2010 and 18 June 2010, respectively. Total 286,955,000 share options were granted in 2010, in which share options of 16,750,000, 43,510,000, and 226,695,000 were granted to the directors, employees, and consultants, respectively. The fair values of the options determined at the dates of grant using the Black-Scholes option pricing model were HK$1,579,058 (equivalent to US$203,750), HK$16,035,313 (equivalent to US$2,069,074) and HK$2,302,484 (equivalent to US$297,095) respectively.

In the current year, share options of 449,822,200 were granted on 23 November 2011 to the consultants. The fair value of the option determined at the dates of grant using the Black-Scholes option pricing model were HK$8,872,885 (equivalent to US$1,133,276). For both years, the consultants provide consultancy services rendered for development of CMMB business and seek for new investment opportunities in CMMB business.

The following assumptions were used to calculate the fair values of share options granted:

During the year ended 31 December 2011

	23 November 2011
Grant date share price	HK$0.037
Exercise price	HK$0.04
Expected volatility (Note)	79.82%
Expected life	3 years
Expected dividend yield	zero
Risk-free rate of interest	5%

During the year ended 31 December 2010

	23 February 2010	**3 June 2010**	**18 June 2010**
Grant date share price	HK$0.121	HK$0.120	HK$0.125
Exercise price	HK$0.121	HK$0.121	HK$0.125
Expected volatility (Note)	106.86%	85.04%	85.43%
Expected life	3 years	3 years	3 years
Expected dividend yield	zero	zero	zero
Risk-free rate of interest	5%	5%	5%

34. SHARE OPTION SCHEME *(Continued)*

Note: Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The Group has recognised total expenses in statement of comprehensive income of US$1,133,276 (2010: US$2,587,134) related to equity-settled share-based payment transactions during the year.

35. CAPITAL RESERVE

Capital reserve represents (i) the capital contribution from a controlling shareholder of the Company through the shares granted by a controlling shareholder to the employees of the Company during the year ended 31 December 2006 and 2008 and (ii) deemed capital contribution from a shareholder upon disposal of subsidiaries as set out in note 36 during the year.

36. DECONSOLIDATTION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES

As set out in note 13, the Group discontinued its manufacture and sale of rigid printed circuit boards and rigid printed circuit boards assembly in March 2011 and completed the disposal of subsidiaries within the Disposal Group on 9 December 2011.

Before the completion of the disposal, on 2 December 2011, the People's Court of Wuzhong in Suzhou of the PRC declared that Global Flex (Suzhou) be liquidated as initiated by a bank creditor and appointed liquidators to take over the control of Global Flex (Suzhou) as a result of its failure to implement the debt restructuring plan by repaying its liabilities.

Upon the appointment of liquidators on 2 December 2011, the Disposal Group lost control of Global Flex (Suzhou) and no longer had controlling power to govern the financial and operating policies of Global Flex (Suzhou) so as to obtain benefit from its activities. Accordingly, the Group deconsolidated Global Flex (Suzhou) from 2 December 2011 and recognised a gain on deconsolidation of US$29,535,692. Upon deconsolidation, the investments in Global Flex (Suzhou) had been classified as an available-for-sale investment within the scope of HKAS 39. In view of the net liabilities position of Global Flex (Suzhou), the directors consider that the fair value of such available-for-sale investments upon initial recognition and at the date of disposal (see note 36) is negligible.

After deconsolidation of Global Flex (Suzhou), a gain on disposal of Disposal Group to a related company which is controlled by Mr. Wong Chau Chi, amounting to US$397,309, was recognised as deemed contribution from a shareholder under capital reserve as set out in note 35.

36. DECONSOLIDATTION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES *(Continued)*

The net liabilities of Global Flex (Suzhou) at the date of deconsolidation and the Disposal Group at the date of disposal were as follows:

	Deconsolidation of Global Flex (Suzhou) as at 2 December 2011 US$ (Note)	Disposal of Disposal Group as at 9 December 2011 US$	Total US$
Analysis of assets and liabilities over which control was lost:			
Property, plant and equipment	15,321,385	—	15,321,385
Prepaid lease payments	737,835	—	737,835
Investment property	1,892,126	—	1,892,126
Available-for-sale investments	28,929	—	28,929
Bank balances and cash	67,289	61,043	128,332
Trade and other payables	(21,542,733)	(458,223)	(22,000,956)
Amount due to a related company	(59,795)	—	(59,795)
Other borrowings	(608,096)	—	(608,096)
Bank borrowings	(25,372,632)	—	(25,372,632)
Net liabilities disposed/deconsolidated of	(29,535,692)	(397,180)	(29,932,872)
Gain on deconsolidation of a subsidiary/ disposal of subsidiaries			
Consideration received - cash	—	129	129
Net liabilities disposal of	29,535,692	397,180	29,932,872
	29,535,692	397,309	29,933,001
Net cash outflow arising on deconsolidation/disposal			
Cash consideration	—	129	129
Less: Bank balances and cash deconsolidated/ disposed of	(67,289)	(61,043)	(128,332)
	(67,289)	(60,914)	(128,203)

Note: The liquidation procedure has not yet been completed by the liquidators up to the issuance of this report. The assets and liabilities of Global Flex (Suzhou) at the date of deconsolidation were subject to final approval by the creditors and the People's Court of Wuzhong in Suzhou of the PRC.

The impacts of the Disposal Group on the Group's results and cash flows in the current and prior years are disclosed in note 13.

37. ACQUISITION OF AN ASSET THROUGH ACQUISITION OF A SUBSIDAIRY

On 25 October 2011, the Group acquired 49% and 16% of the issued share capital of CMMB International Limited from an independent third party and Chi Capital Holdings Limited by way of issue of 280,770,000 and 91,680,000 new ordinary shares, respectively. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to a total of HK$11,173,500 (equivalent to US$1,441,743).

CMMB International Limited was acquired so as to obtain the intangible assets which provided turnkey solutions to develop and promote CMMB technology and business platform in markets outside of the PRC.

Asset acquired and liability recognised at the date of acquisition are as follows:

	US$
Intangible assets	1,532,893
Amount due to a related company (note)	(500,000)
Other payables	(500,000)
Net assets	532,893
Less: Non-controlling interests	(186,513)
Net assets attributable to owners of the Company	346,381

Note: A related company is controlled by Mr. Wong Chau Chi.

At the date of acquisition, CMMB International Limited only held licencing rights and remained inactive. The fair values of these intangible assets at the date of acquisition have been arrived at on the basis of business valuations carried out on that date by an independent valuer, Roma Appraisals Limited, using business valuation techniques which involve certain assumptions of prevailing market conditions and apply a discount rate of 45.42% per annum. The fair value of the relevant assets of US$346,381 is less than the fair value of share issued of US$1,441,743 as at the acquisition date, and accordingly a loss on acquisition of intangible assets of US$1,095,362 which represented the difference between the fair value of share issued and the fair value of any identifiable assets was recognised in profit or loss at the date of acquisition as set out in note 10.

38. MAJOR NON-CASH TRANSACTIONS

(a) As set out in note 37, the Group acquired 65% of the issued share capital of CMMB International by way of issue of 372,450,000 new ordinary shares at a consideration of HK$11,173,500 (equivalent to US$1,441,743).

(b) During the year, proceeds of US$159,046 (2010: nil) from disposal of property, plan and equipment with aggregate carrying amounts of US$159,046 (2010: nil) are set off against other payables.

(c) During the year, advance to an associate which was included in other receivables as at 31 December 2010 was assigned to the vendor and set off against the outstanding consideration payable to the vendor on acquisition of interests in associates of US$989,810.

(d) During the year ended 31 December 2010, deposits paid on acquisition of CMMB projects of HK$66,255,900 (equivalent to US$8,549,148) were settled by issue of 530,047,200 new ordinary shares as detailed in note 22.

39. MATERIAL LITIGATION

As at 31 December 2010, a subsidiary of the Company have been named as defendants in several PRC court actions in respect of default payment of payable to suppliers and creditors for an aggregate amount of approximately US$1,952,000. The claimed amounts were fully provided in the consolidated financial statements and included in trade and other payables. During the year, the relevant subsidiary was deconsolidated as set out in note 36.

40. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases was US$484,262 (2010: US$510,020).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011	2010
	US$	US$
Within one year	—	25,365

Operating lease payments represent rentals payable by the Group for its factories and staff quarters. Lease terms are negotiated for a term ranged from one to three years with fixed rentals.

The Group as lessor

Rental income earned during the year was US$117,765 (2010: US$123,205).

40. OPERATING LEASES *(Continued)*

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	US$	US$
Within one year	**—**	66,478
In the second to fifth year inclusive	**—**	609,378
	—	675,856

41. CAPITAL COMMITMENTS

	2011	2010
	US$	US$
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of:		
– Interests in associates (note 22)	**—**	989,810
– Subsidiaries (note 44 (b))	**12,281,613**	—
– Intangible assets	**—**	6,935,148

42. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks to secure the general banking facilities granted to the Group:

	2011	2010
	US$	US$
Property, plant and equipment	**—**	11,869,626
Prepaid lease payments	**—**	720,686
Investment property	**—**	1,990,403

43. RETIREMENT BENEFIT SCHEME

In accordance with the relevant PRC rules and regulations, the PRC subsidiaries are required to establish defined contribution plans managed by the relevant local government bureau in the PRC and to make contributions to the plan for its eligible employees. The contribution borne by the Group is calculated according to the level regulated by the municipal government.

The total cost charged to profit or loss of US$49,444 (2010: US$122,641) represents contributions payable to this scheme by the Group in respect of the current year. As at 31 December 2011, contributions of US$3,745 (2010: 16,895) due in respect of the reporting period had not been paid over to the scheme.

44. RELATED PARTY DISCLOSURES

Save as disclosed above for those related party balances at the end of the reporting period, the Group had the following significant transactions with related parties during the year:

Name of related parties	Nature of transactions	2011 US$	2010 US$
Chi Capital Partners Limited	Rental paid	**480,124**	474,240
	Consultancy fee paid	**61,935**	61,935

During the year ended 31 December 2011

(a) The Group entered into sale and purchase agreement dated 24 December 2010 and supplemental agreement dated 16 February 2011 to acquire a licensing right of CMMB technology through acquisition of 49% and 16% of the issued share capital of CMMB International Limited from an independent third party and from Chi Capital Holdings Limited, respectively, as set out in note 37.

(b) On 22 November 2011, the Group entered into a conditional sale and purchase agreement to acquire 51% of the issued share capital of CMMB Vision (USA) from Chi Capital Holdings Limited at a consideration of HK$95,182,500 (equivalent to US$12,281,613), of which HK$52,340,348 and HK$42,842,152 will be satisfied by way of issue of convertible bond and new ordinary shares of the Company respectively. The consideration was contracted for but not yet paid and accordingly, included in capital commitment (see note 41) as at 31 December 2011. This acquisition has not yet been completed up to the date of issuance of this report subject to certain closing conditions including issue of a valuation report signed by an independent valuer and shareholders' approval. Further details of this acquisition were set out in the announcements of the Company dated 22 November 2011.

44. RELATED PARTY DISCLOSURES *(Continued)*

During the year ended 31 December 2010

On 23 August 2010, the Group entered into a share transfer agreement with Chi Capital Holdings Limited for the acquisition of net assets with carrying amounts of US$6,948 owned by three new subsidiaries at a consideration of HK$500,000 (equivalent to US$64,514). The excess of consideration transferred over the net assets acquired, amounting to US$57,566, was charged to profit or loss during that year. At the date of share transfer, these subsidiaries planned to engage in CMMB business and had not entered into any formal agreements. An equity transfer agreement in CMMB projects was subsequently entered into on 2 September 2010 by one of these subsidiaries as a nominee of the Company as set out in note 22.

In addition to above, for the year ended 31 December 2011 and 2010, certain properties held by Mr. Wong Chau Chi were occupied by a subsidiary for nil consideration.

Chi Capital Partners Limited is controlled by Mr. Wong Chau Chi.

Compensation of key management personnel

The remuneration of key management personnel of the Company during the year were as follows:

	2011	2010
	US$	US$
Short-term benefits	110,314	172,096
Share-based payments	—	175,511
	110,314	347,607

The emoluments of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends. Share options were granted to several members of key management during the year ended 31 December 2010 as set out in note 34.

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operations	Class of share held	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ paid up capital held by the Company				Principal activities
				Directly		Indirectly		
				2011	2010	**2011**	2010	
Global Technology International Limited (note ii)	British Virgin Islands/ Taiwan	Ordinary	US$48,000,000	**—**	100%	**—**	—	Investment holding
Global Flex Trading Center Limited	Samoa/ Taiwan	Ordinary	** US$2,000,000	**100%**	100%	**—**	—	Provision of agency services
* Global Flex (Suzhou) (note i)	The PRC	Capital contribution	US$48,000,000	**—**	—	**—**	100%	Manufacturing and trading of printed circuit boards
Value Manage International Limited (note ii)	Hong Kong	Ordinary	HK$2,000,000	**—**	—	**—**	100%	Provision of administrative service
Global Technology International Ltd. - Taiwan Branch (note ii)	Taiwan	Capital contribution	NT$1,000,000	**—**	—	**—**	100%	Provision of administrative service
Glactic Venture Holdings Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	**—**	—	Investment holding
Grand Regal Capital Limited	British Virgin Islands	Ordinary	US$1	**—**	—	**100%**	100%	Investment holding
* CMMB Vision (China)	The PRC	Capital contribution	US$63,000	**—**	—	**100%**	100%	Provision of CMMB services

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operations	Class of share held	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ paid up capital held by the Company				Principal activities
				Directly		Indirectly		
				2011	2010	**2011**	2010	
CMMB SAT Limited	Hong Kong	Ordinary	HK$500	**100%**	100%	**—**	—	Provision of administrative service
Newell Top Limited	British Virgin Island	Ordinary	US$50,000	**—**	—	**100%**	100%	Provision of agency services
CMMB International Limited (note iii)	Hong Kong	Ordinary	HK$10,000	**—**	—	**65%**	—	Holding of a licensing right

* These subsidiaries are wholly-foreign-owned enterprises established in the PRC.

** The registered capital has not been paid up as at 31 December 2011.

Note:

(i) This subsidiary was deconsolidated during the year as set out in note 36.

(ii) These subsidiaries were disposed of during the year as set out in note 36.

(iii) This subsidiary were acquired during the year.

None of the subsidiaries had issued any debt securities at the end of the year.

Financial Summary

RESULTS

	Year ended 31 December				
	2007	2008	2009	2010	**2011**
	US$	US$	US$	US$	**US$**
	(restated)	(restated)	(restated)	(restated)	
Turnover	—	—	—	—	**—**
(Loss) Profit for the year	(29,778,061)	(75,093,827)	(43,630,161)	(21,548,313)	**7,173,409**

ASSETS AND LIABILITIES

	As at 31 December				
	2007	2008	2009	2010	**2011**
	US$	US$	US$	US$	**US$**
Total assets	245,481,965	129,018,530	38,500,195	37,414,120	**3,028,781**
Total liabilities	(153,522,708)	(99,932,601)	(46,838,823)	(48,405,726)	**(1,981,674)**
Shareholders' funds (deficits)	91,959,257	29,085,929	(8,338,628)	(10,991,606)	**1,047,107**

Note: The results for four years ended 31 December 2010, and the assets and liabilities as at 31 December 2007, 2008, 2009 and 2010 have been extracted from the Company's respective years' annual reports.