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)
(Stockcode: 471)

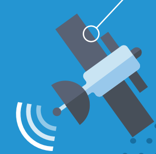
Annual Report 2016

CMMB VISION

Revolutionary satellite-to-mobile multimedia broadcasting – delivering high quality movies and media to mobile devices all across Asia

We reach anywhere open to the sky at a considerably lower cost. Amego represents an exciting opportunity for a range of industries – automotive, education, sports, news, life style and movies.

Our satellite broadcasting a high-capacity L-band signal



Our custom-made Amego Android base receiver and one to many Wi-Fi transmitter

Sensational satellite-direct audio and video quality on all mobile devices with no loading time

Satellite-to-mobile Broadcaster
www.cmmbvision.com

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. CHOU Tsan-Hsiung
Mr. YANG Yi

Independent Non-executive Directors

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

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ms. CHAN Pui Yee Janice, FCCA and HKICPA

AUTHORISED REPRESENTATIVES

Mr. WONG Chau Chi
Ms. CHAN Pui Yee Janice

AUDITOR

HLM CPA Limited

LEGAL ADVISOR AS TO HONG KONG LAW

Orrick, Herrington & Sutcliffe

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL OFFICE IN HONG KONG

Unit 1211, Level 12, Core F, Cyberport 3
100 Cyberport Road, Cyberport
Hong Kong
Tel: +852 2159 3300
Fax: +852 2159 3399
Email: info@cmmbvision.com.hk
Website: www.cmmbvision.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House,
24 Shedden Road George Town,
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Stock Code: 471

Chairman's Statement

Dear Shareholders:

With the passing of the resolutions at the extraordinary general meeting of the Company to be held on 21 April 2017 to acquire an equity stake along with management control in Silkwave Holdings Limited, the Company is effectively transforming into the world's first satellite-to-mobile Internet multimedia broadcaster, which the Company has been laboring for a long time. Its platform encompasses a high-orbit BSS satellite with highly valuable L-band frequency covering China, Southeast Asia, and India/Pakistan totaling over 4 billion people, and groundbreaking broadcast-LTE convergent technology, together they form the world's largest mobile Internet content distribution network capable of large-scale, mass-market, and universal mobile data streaming and caching to billions of users simultaneously. Our service will focus on delivering mobile entertainment and data content to vehicles, which will in turn be shared by in-car mobile consumer devices via our proprietary technology. Our programming will include abundant real-time TV/radio channels, on-demand videos, Internet downloads, big-data telematics, and government services, which will have no data charge, no data limit, and is universally accessible across regions and countries. Revenue models will include upfront service activation fee, on-demand subscription, advertising, and value-added services.

This financial year also marked many cornerstones for the Company's development in China in deploying satellite multimedia services, which included:

– Partnership with China Telecom Corporation to create the world's satellite+4G converged network tailored to nationwide connected-car mobile data delivery.

– Development of "M-Box", which is a groundbreaking in-car satellite multimedia solution receiving data-free multimedia content from satellite broadcasting while retransmitting to other in-car mobile devices via Wi-Fi to provide unlimited and individualized sharing.

– Partnership with Telematics Application Industry Alliance ("TIAA") to adopt M-Box as an industry standard to be installed in future Chinese-made cars as a shortcut to proliferate marketing.

– Partnership with state-media such as China Radio International and China Internet Information Center (China.com.cn) to develop joint-venture and partnership platform for content and services operation with exclusive franchise.

These developments culminated in a hugely successful exhibition at the China Content Broadcasting Network 2017 in Beijing recently, in which over 20 TIAA partners collaborated with the Company to showcase their commercially ready products and applications tailored to the Company's satellite-4G multimedia system. They also propelled the Company ready for comprehensive trial service in 2017 and commercial offering in 2018.

Chairman's Statement

The Company's strategic plan is to deploy services in China, the world's largest auto and mobile market, and in parallel leverage its China turnkey ecosystem to extend services to the One-Belt-One-Road countries in Asia.

The Company looks forward to a very successful and exciting year of 2017, which will see many of the Company's efforts come to fruition.

It would like to thank all shareholders, business partners, and employees for their unwavering support and contribution during this financial year.

For and on behalf of the Board

Wong Chau Chi
Chairman

Hong Kong, 31 March 2017

BUSINESS/OPERATION REVIEW

The principal activity of the Company is investment holdings whilst its subsidiaries are mainly engaged in provision of Converged Mobile Multimedia Broadcasting ("CMMB") services and trading of printed circuit board materials.

After restructuring and reorganization from previous manufacturing and sale of rigid printed circuit boards and rigid printed circuit board assembly in 2011, the Company started its business in provision of CMMB services. The Company is a leading next generation mobile multimedia network and service provider which is potentially market disruptive to providing mobile internet and entertainment services in the coming internet era.

The Company has completed the acquisition of seven UHF spectrum television ("TV") stations in seven top cities in the USA, including Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami, and Tampa which expanded the Company's portfolio to a total of 12 TV stations in addition to the New York market. The portfolio gives the Company an unique wireless spectrum network to not only deliver free-to-air digital TV programming to a much larger audience coverage with operating efficiencies and revenue opportunities, but also well-position it to deploy a next-generation mobile broadcasting service platform for new media services extended from home to mobile users and vehicles.

The Company deploys CMMB/NGB-W mobile digital broadcasting technology which can converge with other mobile technologies such as 3G, LTE and WiFi to create the groundbreaking interactive mobile broadcasting system. It has a wireless UHF TV network over 8 major cities in the US under preparation for potential deployment of the CMMB-LTE network, and is operating a digital broadcasting service in New York.

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 TV and interactive multimedia business based on CMMB standards. The Company's goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

FINANCIAL REVIEW

For the year ended 31 December 2016, the Group recorded loss for the year of US$16,796,000 (2015: US$21,731,000), representing a decrease of 22.7%. Loss per share was US1.1 cents (2015: US4.18 cents) and net assets per share of the Group was approximately US8.8 cents (2015: US1.6 cents).

During the year ended 31 December 2016, the Group is engaged in provision of transmission and broadcasting of television programs ("CMMB Business") and trading of printed circuit board materials ("Trading Business") with revenue of US$6,089,000 (2015: US$8,669,000). The decrease in revenue of US$2,580,000 or 29.8% was mainly due to the decrease in trading of printed circuit board materials by US$4,704,000, which is offset by the increase in TV rental income of US$2,124,000.

Cost of sales mainly includes cost of goods sold, staff costs and operating lease payments. The decrease in cost of sales of US$3,970,000 or 48.3% was due to the decrease in cost of goods sold of US$4,272,000 and increase in operating lease payments of US$248,000 for the year ended 31 December 2016.

Management Discussion and Analysis

Gross profit has increased from US$457,000 in year 2015 to US$1,847,000 in year 2016, increased by 3 times which was arisen from the increase in TV rental income with higher gross profit margin than trading of printed circuit board materials.

Administrative expenses for the year ended 31 December 2016 decreased by 0.4% to US$1,966,000 as compared to that of US$1,973,000 for the year ended 31 December 2015 which is composed of headquarter staff costs, office rent and general administrative expenses.

Market development and promotion expenses decreased by 31.3% to US$4,312,000 (2015: US$6,274,000) which is consultancy services fees for business development, travelling expenses for attending business conferences and meetings as well as research and development costs. The decrease in market development and promotion expenses was due to the decrease in external consultancy services for the year.

Other expenses for the year ended 31 December 2016 amounted to approximately US$378,000 (2015: US$701,000) include listing fees, printing charges and corporate legal and professional fees for potential investment and acquisitions and corporate transactions.

Finance costs of the Group for the year ended 31 December 2016 amounted to approximately US$2,092,000 (2015: US$1,698,000) which mainly represents the effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the year.

The Group transferred 51% equity interest in Global Vision Media Technology Co., Ltd., a wholly-owned subsidiary in China, to Global Broadcasting Media Group at a consideration of RMB1 on 19 July 2016, resulting in a loss on disposal of a subsidiary of US$7,629,000 recognised in profit or loss for the year.

During the current year, the management has evaluated the impairment of financial assets at fair value through profit or loss by way of objective evidences, including but not limited to the significant deficits and negative cash flow etc. Accordingly, the management of the Group recognized an impairment loss of the financial assets at fair value through profit or loss of US$2,118,000 for the year ended 31 December 2016.

There is no elimination upon redemption of convertible notes (2015: US$1,278,000) for the year ended 31 December 2016 as the relevant convertible note was matured and redeemed in 2015.

There is no impairment loss recognised on goodwill (2015: US$11,188,000) for the year ended 31 December 2016 as the carrying amount of goodwill is nil. In 2015. the goodwill amounted to US$11,188,000 represented the difference between the fair value of cash paid and convertible notes issued and the fair value of net assets acquired upon the acquisition of Chi Vision USA Corporation ("Chi Vision"). The management of the Group determined an impairment of such goodwill as the recoverable amount is lower than its carrying amount of the cash generating units arising from the acquisition of Chi Vision. Hence, an impairment on goodwill is recognised immediately.

There is no impairment loss recognized on intangible assets (2015: US$1,685,000) for the year ended 31 December 2016 as the management of the Group determined that the recoverable amount is higher than its carrying amount of the cash generating units arising from intangible assets.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group increased to US$192,908,000 as at 31 December 2016 as compared with US$129,485,000 in 2015 which was mainly derived from the proceeds of rights issue completed on 18 April 2016. Current assets amounted to US$19,010,000 (2015: US$14,238,000) comprising bank balances and cash of US$5,925,000 (2015: US$10,412,000), trade and other receivables of US$1,275,000 (2015: US$2,495,000) and amount due from a related company of US$4,639,000 (2015: 1,331,000). Current liabilities amounted to US$3,863,000 (2015: US$1,601,000) representing trade and other payables of US$3,828,000 (2015: US$1,566,000) and tax payable of US$35,000 (2015: US$35,000).

As at 31 December 2016, the Group's current ratio was 4.9 (2015: 8.9) and the gearing ratio (a ratio of total loans to total assets) was 9.5% (2015: 12.4%). Other than convertible notes of US$20,712,000, the Group did not have any bank borrowings as at 31 December 2016 (2015: Nil).

In April 2016, the Group has completed rights issue on the basis of one rights share for every one existing share at HK$0.1 per rights share ("Rights Issue") and one bonus share for every one rights share taken up under the Rights Issue ("Bonus Shares"), to raise approximately HK$625,320,000 (equivalent to US$80,595,000) before expenses. The Group plans to apply the proceeds from the Rights Issue for the major capital expenditure for the deployment in China with details as set out in the prospectus of the Company dated 23 March 2016.

FOREIGN CURRENCY EXCHANGE RISK

Most of the assets, liabilities and transactions of the Group are denominated in United States dollar. The management of the Group considers that foreign exchange risk does not have significant impact to the Group, therefore, the Group did not make any other hedging arrangement in the year ended 31 December 2016.

SEGMENT INFORMATION

As at 31 December 2016, details of segment information of the Group are set out in note 8 to the consolidated financial statements in this annual report.

EMPLOYEE BENEFITS

The average number of employees of the Group for the year ended 31 December 2016 was approximately 30 (2015: 40). The Group's staff costs (including Directors' fees and emoluments) for the year ended 31 December 2016 amounted to US$1,688,000 (2015: US$1,181,000). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the year, the Company did not grant any share options to the Directors, employees and consultants of the Group under the new share option scheme of the Company adopted on 18 December 2015.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the eligibility of shareholders to attend the annual genral meeting, which is to be held on 30 June 2017, the register of members of the Company will be closed from 27 June 2017 to 30 June 2017, both days inclusive, during which no transfer of shares will be registered. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on 26 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

Save as disclosed in note 11 to the consolidated financial statements, the Group has completed the disposal of the 51% equity interest in Global Vision Media Technology Co., Ltd., which is engaged in research and development and design of mobile multimedia services, technology and products and provision of technical advice, technical services and technology transfer, on 19 July 2016.

Save as disclosed in note 39 to the consolidated financial statements, the Company entered into a sale and purchase agreement with Chi Capital Holdings Ltd, pursuant to which the Company has conditionally agreed to purchase 20% equity interest in Silkwave Holdings Limited ("Silkwave Holdings"), which indirectly holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, at a consideration of US$240 million. Details of this transaction are set out in the Company's circular dated 31 March 2017. This acquisition has not been completed as at the date of issuance of the annual report.

Save as aforesaid, the Group did not have any other material acquisition or disposals of subsidiaries and associated companies for the year ended 31 December 2016.

CHARGE ON ASSETS

As at 31 December 2016, neither the Group nor the Company has pledged its assets to secure its borrowings (2015: Nil).

CONTINGENT LIABILITIES

As at 31 December 2016, the Group has provided a guarantee for its equity interest in an aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by its equity investment (2015: US$1,551,000), with its outstanding balance of US$1,203,000 (2015: US$1,551,000).

PROSPECTS

The Group is developing to be the world's first satellite-to-mobile Internet multimedia broadcaster. We deploy geo-orbit L-band mobile broadcasting satellite network to deliver IP-based digital entertainment and data services to vehicles and mobile devices that can also integrate with ground LTE network with unprecedented efficiency and economies of scale. Our services include abundant live TV/radio channels, on-demand videos, real-time Internet downloads, big-data telematics, and government education and information, which incur no data charge, no data limit, and is ubiquitous across lands and seas capable of simultaneously supporting billions of users.

Through the acquisition of an equity stake along with management control in Silkwave Holdings, the Group effectively possesses a One-Belt-One-Road Asia satellite infrastructure that covers China, Southeast Asia, and India and total 4.4 billion in population. We are deploying connected-car multimedia in China, the world's largest auto and mobile market, where we have developed a vast and low-cost supply-chain ecosystem as well as government partnerships with regulatory franchise to support our services. In particular, our partnership with China Telecom Corporation, one of the largest telecom operators in China, has enabled us to develop a L-band satellite + 4G/LTE convergent network nationwide, and our partnership with China's connected-car industry alliance ("TIAA") has enabled us to render the NGB-W/S network as the core national connected-cars data delivery network, and our M-Box solution as an auto industry standard for in-car multimedia to be installed in future Chinese cars by OEMs. TIAA is composed of relevant major government ministries and agencies, key OEM-carmakers, telecom operators, connected-car device suppliers, and media/Internet providers totaling over 500 members from China and globally.

With the readiness of ecosystem, we are ready to commence comprehensive trial services with TIAA partners in 2017, and commercial offering in 2018. Our operating model is to provide M-Box reference design to OEMs and connected device makers, who in turn will develop their own brand of M-Box application to be installed into pre-factory vehicles to serve as multimedia service interface. Our revenue models will rely on: (1) upfront service activation fee, followed by (2) on-demand subscription, (3) advertising and (4) value-added services. Our goal is to become the largest in-car advertiser and media provider in China by coverage, user, quantity, and revenue.

Parallel to China deployment, we are leveraging our turnkey ecosystem solution and global satellite network to extend services to One-Belt-One-Road countries, such as Southeast Asia, India, Pakistan, which have over 3 billion people and 300 million vehicles. We are in discussion with regional partners for potential collaboration.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS

Set out below is the fund raising activities of the Company during the past twelve months immediately prior to the date of this annual report:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this report
29 January 2016	Rights issue of 6,253,189,277 Shares under ordinary resolution passed at the EGM on 15 March 2016	Approximately HK$621.9 million	General working capital for operation and business development of the Group	• New business and network development: HK$598.7 million • Unutilised proceeds held in the Group's bank accounts of HK$23.2 million

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past twelve months immediately preceding the date of this annual report.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. WONG Chau Chi ("Mr. Wong"), aged 52, 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 Ltd, 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. LIU Hui ("Dr. Liu"), aged 48, 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 over 70 granted or pending telecommunications patents, including more than twenty 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. He was the Associate Dean at The School of Electronic Information and Electrical Engineering of Shanghai Jiao Tong University and a full professor at Department of Electrical Engineering, University of Washington. 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 (Communications 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 74, 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 53, 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 28 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 45, 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 Cheng-Chi 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 a full Professor of Department of Financial Law in Ming Chuan University (銘傳大學法律學院財金法律學系專任教授). Mr. Wang currently serves as independent directors of Young Fast Optoelectronics Co., Ltd. (洋華光電股份有限公司, WIN Semiconductors Corp. (穩懋半導體股份有限公司, and ANT Precision Industry Co., LTD. (艾恩特精密工業股份有限公司, three companies listed on the Taiwan Stock Exchange Corporation. Mr. Wang had held a position of independent non-executive director at Capital Securities Corp. (群益期貨股份有限公司) and a remuneration committee member at Hold Key Electric Wire & Cable,Co. Ltd (合機電線電纜股份有限公司), two companies listed on the Taiwan Stock Exchange Corporation in the three preceding years. Save as aforesaid, Mr. Wang had not held any position nor directorship in other listed companies in the three preceding years.

Mr. LI Shan ("Mr. Li"), aged 53, 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 22 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, Chairman & CEO of Silk Road Finance Corporation Limited, Executive President of the Institute for Governance Studies at Tsinghua University, Director for NYSE listed Soufun.com. Mr. Li was also a Director for Star Cable, and ENN Ecological Holdings Co., Ltd., both are listed on Shanghai Stock Exchange, 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 55, 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 previously an independent non-executive director of Sun Century Group Limited (Stock code: 1383) until 1 June 2012 and an independent non-executive director of Zhejiang Glass Company, Limited (Stock code: 739) until 31 May 2013. Save as aforesaid, Dr. Li had not held any position nor directorship in other listed companies in the three preceding years.

SENIOR MANAGEMENT

Mr. KLEIN Bert is an Chief Operation Officer of the Group and Managing Director of DishHD Asia Satellite Ltd.

Mr. Klein has been involved in the international satellite industry for more than 20 years since joining EchoStar in 1991. He was involved in the development of EchoStar International, Asian Division. He first served as Sales and Marketing Manager, responsible for the growth of the business throughout Asia and the Middle East and subsequently served as the Managing Director of the Asian Division and led the further expansion of the business in Asia and the opening of sales and services offices in several countries across the region.

In 1998, Mr. Klein served as Vice President of Sales for WorldSpace Corporation and was one of the management leaders responsible for the launch of the world's first commercial satellite radio platform and lead the initial sales and marketing drives throughout Africa and the Middle East.

Mr. Klein re-joined EchoStar in 2006 to focus on expanding EchoStar's satellite technology into international markets and developing digital media platforms that leverage EchoStar's technological and marketing expertise. Mr. Klein was responsible for launching DishHD Asia Satellite television platform, the leading premium high-definition satellite television service in Asia. Today this service is continuing to build its service offering with new and innovative digital delivery technology, and new and better customer service offerings to continue to deliver the finest entertainment offerings to our customers.

Mr. Klein holds a Bachelor of Sciences degree from Seattle Pacific University in Seattle Washington.

Ms. LI Qun is a managing director of our China Business Operation. Ms. Li has over 20 years of experience in CMMB/DTH chipset design and CMMB network system integration. She was the co-founder of Telepath Technologies Co., Ltd. and chief operating officer of TiMi Technologies Co., Ltd, the Academy of Broadcasting Science, SAPPRFT. She holds a Bachelor Degree of Sciences from Shanghai Jiao tong University and Master Degree of Sciences from Tsinghua University.

Ms. CHAN Pui Yee Janice is a Finance Director of the Group. Ms. Chan holds a Bachelor Degree of Business Administration with major in professional accountancy from The Chinese University of Hong Kong. She is a fellow member of the Association of Chartered Certified Accountants and also member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan has over 18 years of experience in accounting, auditing and financial management. Prior to joining the Company, Ms. Chan served as an audit director of Deloitte Touche Tohmatsu in Hong Kong.

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 2016 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code for Securities Transactions by Directors of Listed Issues ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the year ended 31 December 2016 and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the code of conduct throughout the year ended 31 December 2016.

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)* LIU Hui *(Vice-chairman)*
Non-executive Directors	CHOU Tsan-Hsiung YANG Yi
Independent non-executive Directors	WANG Wei-Lin LI Shan LI Jun

As at 31 December 2016, 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 more than one-third of the Board.

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.

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

Name of Director	Number of Board meeting attended	Attendance rate
WONG Chau Chi *(Chairman)*	10/10	100%
LIU Hui *(Vice-chairman)*	10/10	100%
CHOU Tsan-Hsiung	10/10	100%
YANG Yi	0/10	0%
WANG Wei-Lin	10/10	100%
LI Shan	10/10	100%
LI Jun	10/10	100%

Chairman and Chief Executive Officer

During the year, 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 and independent 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 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. LI Shan *(Chairman of the Audit Committee)*
Mr. CHOU Tsan-Hsiung
Dr. LI Jun

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 2016. 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 compliance procedures 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 together with the management has reviewed the accounting principles and practices adopted by the Group and discussed internal controls, risk management and financial reporting matters, and has reviewed the consolidated financial statements for the year ended 31 December 2016.

During the year ended 31 December 2016, 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. LI Shan	2/2	100%
Mr. CHOU Tsan-Hsiung	2/2	100%
Dr. LI Jun	2/2	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. LI Shan
Dr. LI Jun

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 2016, 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. LI Shan	1/1	100%
Dr. LI Jun	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 2016, no any Board meeting was held in relation to the nomination of Director.

AUDITOR'S REMUNERATION

An analysis of the remuneration in respect of audit services provided by the auditor to the Group for the year ended 31 December 2016 is summarised as below:

Services	Remuneration US$'000
Audit services	**148**

FINANCIAL REPORTING

The Directors are responsible for keeping proper accounting records and preparing the financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries, in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. In preparing the financial statements for the year ended 31 December 2016, the Directors have made judgments and estimates that are prudent and reasonable and prepared the financial statements on a going concern basis.

Management has provided such explanation and information to the Board as it would enable the Board to make an informed assessment of the financial and other information before the Board's approval.

The statement by the auditor of the Company about their responsibilities for the financial statements is set out in the independent auditor's report contained in this annual report.

The Board's responsibility to present a balanced, clear and understandable assessment extended to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to statutory requirements.

INTERNAL CONTROL

The Board is responsible for the Group's systems of internal control and risk management and for reviewing its effectiveness. The Board, the Group's internal audit department and management reviewed the effectiveness of the internal control system of the Company and its subsidiaries. The Audit Committee reviews the findings and opinions of the Group's internal audit department and management on the effectiveness of the Company's system of internal control, and reports to the Board on such reviews. In respect of the year ended 31 December 2016, the Board considered the internal control system is effective and adequate. No significant areas of concern which might affect the shareholders were identified. The effectiveness of the Audit Committee itself is reviewed annually through a formal process which involves the Company Secretary preparing an evaluation report on its effectiveness. This is examined by both the internal and external auditors before submitted to the Board for endorsement.

The internal audit division of the Group should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investments and the Company's assets. The main functions of the internal audit division are to audit the operating efficiencies of each of the operating units, to carry out audit upon resignation of any key management personnel, to assist the Board in reviewing the effectiveness of the internal control system of the Group and to review internal control of business processes and project based auditing (such as auditing of trade receivables). Evaluation of the Group's internal controls covering financial, operational compliance controls and risk management functions will be done once a year at least. As confirmed by the management, the Board is satisfied that the Group has sufficient internal control.

ENTERPRISE RISK MANAGEMENT

The Board is responsible to oversee the Group's overall Risk Management Framework and the Board is also responsible for approving the Group's risk policies and assessing the effectiveness of the Group's risk controls/ mitigation tools. Systems and procedures have been established to identify, measure, manage and control various risks including business, compliance, operation, finance and information that may have an impact on the Group and each major department.

The Company has embarked on the journey of building an enterprise risk management (the "ERM") system with a view to enhancing the risk management and corporate governance practice, and improving the effectiveness and efficiency of internal control systems across the whole Group.

The Board believes that a heightened focus on risk and compliance is beneficial for the ongoing development and growth of the Company as well as its staff. In establishing the ERM system, all key functions of the Company were carried out by Internal Audit Department to undertake the following exercises:

1. Enterprise Risk assessment – to identify and prioritize the Company's key business risks; and

2. Process level control assessment – to assess the related internal controls and risk mitigating measures.

COMPANY SECRETARY

Ms. Chan Pui Yee Janice, Finance Director of the Company, has been appointed by the Company as the company secretary. She is also the authorised representative of the Company. During the year ended 31 December 2016, Ms. Chan has taken more than 40 hours of relevant professional trainings to update her skills and knowledge.

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 2016, 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 2016.

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

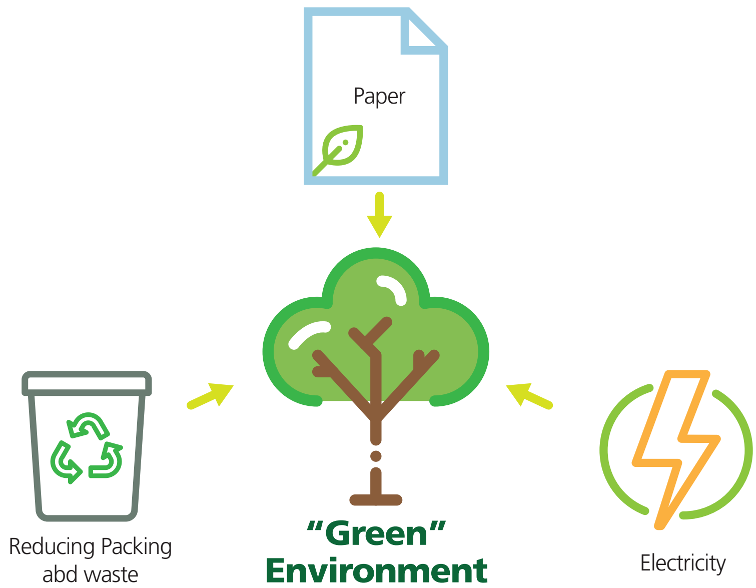
WONG Chau Chi
Chairman

Hong Kong, 31 March 2017

Sustainability of the Company is a trend Nowadays. As a sustainable enterprise, necessary concern should be anticipated within the Environmental, Social and Governance ("ESG") issues for enhancing the corporation strategic approach formulation and maintaining a constructive long-term relationship with our key stakeholders. These issues would cover both internal talents and external customers, suppliers, and even community where we are serving. For achieving the anticipated result of the ESG aspects, an ESG agenda has been developed for the Company

GREEN FOR ENVIRONMENTAL

As a global citizen, our "Green" vision has been established to achieve the "Green" contribution to the environment and safeguarding the ecosystems over time by different policies and practices throughout the operation and procedures as below:



ELECTRICITY

• Efficient lighting	LED and energy efficient lighting installation over 40% of office area
• Zoning	Air conditioning and lighting zoning arrangements in office to reduce unnecessary energy waste

PAPER

• Printing	Office printing set to be duplex as default in the office to reduce paper wastage
• Recycling paper	Recycle papers are collected to be reused for printing
• Recycle Envelope	Recycle Envelope are used for some non-privacy and confidential information mailing
• Electronic Communications	Applying the communications through E-channels instead of hard copies or correspondences

REDUCING PACKING AND WASTE

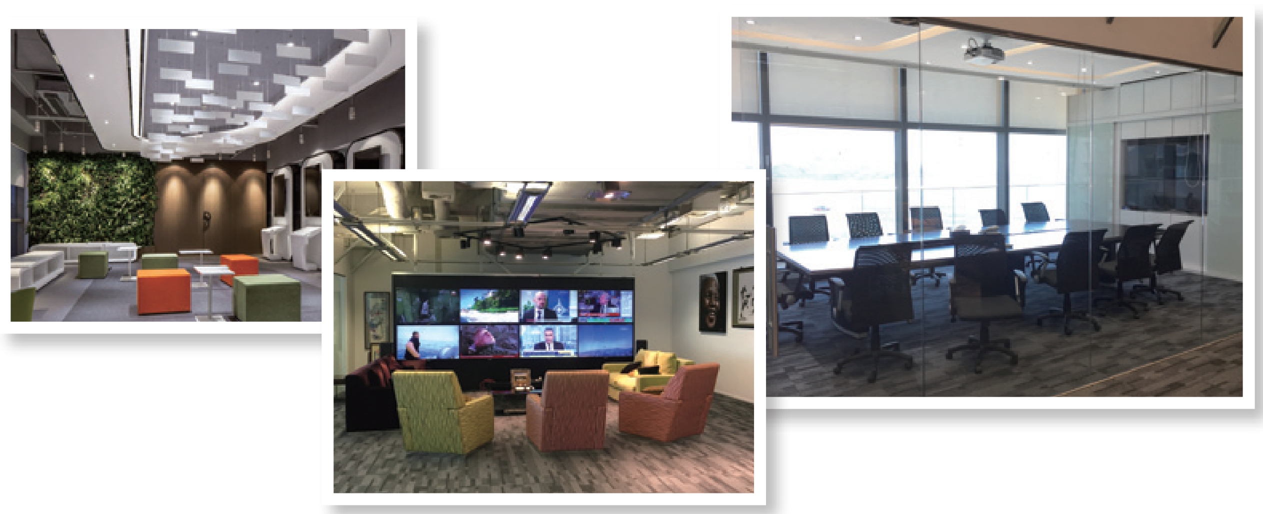
- Packing Materials — Reusing the packing materials for the electronic equipment packing and logistics to replace "buying"
- Recycle Bags — Using Recycle bags for office procurement to prevent extra plastic bags consumption
- Plastic take-away boxes — Reusing Plastic take-away boxes for food storage in the office

OUR TALENTS

The Group's success depends heavily on its ability of attract, retain and motivate talents in the competitive labour markets. Their development could be part of the capitalization of the Group. Value-adding and strengthening the engagement of the talents contribute to the sustainability of the Group. Their personal development, mental health and work-life balance would be care.

HEALTH, RELAX AND FUN WORKPLACE

We provide health, relax and fun workplace for our people for motivating their engagement of their task commitment. We designate some recreation and fitness areas with simple fitness equipment such as fitness balls. Moreover, a full equipped pantry with different kind of snacks or drinks for our employees to refresh from the intensive work tasks. We believe a short relaxation break could boost up the performance of work tasks. A spacious work station in a modernize office with 180° horizon sea view is another relaxation and boosting up higher performance for the employees.



Apart from the office hardware, a fun workplace has been established based on the interaction and socialization among the employees. Routine gatherings, meals and activities would be held for enhancing communications among the departments and even each individual employee for establishing a fun and harmony workplace. For example, "Birthday Cake" for the employees within their birthday month.

WORK-LIFE BALANCE

Work-Life Balance is the premium goal of the Group would like to provide for our talents. Knowing about the external news and updates would let employees have an update of the society and keep their workplace connecting with the life. For example, live-television broadcasting channels are provided to our employees all the time for their relaxation for connecting with external environment and their surroundings. The connection with the external could simulate creativities which is what the Group looking for sustainability development with new ideas and dynamic.

PROFESSIONAL TRAINING AND SKILL UPGRADING

We encourage the training and skill upgrading activities for the staffs which would be benefit for the Group by adding new ideas and brainstorming for future expansion. The Group provides budget for the external training of staffs annually. Moreover, we encourage the staff to attend different kind of conferences, exhibitions and meetings which related to our business aspect. For example, professional industrial organizations and governing bodies held seminars for the employees to update their professional aspect such as corporate governance, technical and technology exhibitions.

ANTI-CORRUPTION

CMMB Vision values and upholds integrity, fairness, transparency and accountability. There is no corruption and fraud. Anti-bribery and anti-corruption standards are important parts of the Group's policies and operating practices which reinforces by the employees and communicated to key stakeholders when dealings with the Group. The Group's whistle-blowing policies apply to all stakeholders including employees, shareholders, customers and suppliers. The whistle-blowing mechanisms allow stakeholders to report suspected misconduct, malpractices or fraudulent activities with confidence. Cases reported are followed up independently; all cases are reported by the Group's internal audit function to the Audit Committee and executive management.

REGULATORY COMPLIANCE

During the year, the Group is not aware of any breach of laws and regulations that have a significant impact on the Group relating to anti-corruption.

COMMITMENT TO COMMUNITY

Caring the society and taking suitable action by acting as a corporate citizen build up meaningful and supportive relationships with the communities where we are serving.

CARING THE YOUNGSTER EDUCATION

Our corporation values the education of youngster and knowing the foundation of building up an innovative and meaningful community and contributing the society. We sponsored different higher education institutions or organizations for improving their education quality to foster the talents for the industry and even for the whole community.

OUR ANTICIPATING FUTURE

Making our sustainability achievement should be predicted within the Group, our talents and all key stakeholders' expectation. Continuing motivating our talents for higher achievements, building up harmony relationships among the key stakeholders and serving our community with meaningful and constructive relationship. In the coming 18-24 months, the Group would focus on several aspects to achieve higher sustainability which are environmental, talent development, society and community support.

ENVIRONMENTAL FRIENDLY

We have several targets would like to fulfill for contributing our values for the environment,

- Continuing the stated environmental friendly and reducing waste facts as above
- Up to 50% internal and non-privacy/confidential documents would be storage as e-format or cloud driver instead of storage with high-volume of paper printing
- LED and energy efficient lighting installation over 50% of office area

TALENT DEVELOPMENT

Continuing the stated Health, Relax and Fun Workplace, routine staff activities, and encouraging the continuing trainings and skill upgrading. We also have several goals would like to commit for our employees,

Staff activities

- Arranging retreats for the staff for enhance the teamwork, communication and interpersonal skills during the activities

- Arranging outdoor activities such as boat trip, hiking and sport for the staff for enriching the connection of the natural and environment apart from the workplace

Professional Trainings

- Matching the right employees to the right trainings, meetings, conferences and exhibitions for acquiring the sustainability opportunities for both of them and the Group

- Total annual training hours (including both internal and external trainings and seminars) for each employee up to 40 hours

WORKPLACE "TEETH" HEALTH SCHEME

We care the health of the staff. Lower Dental expenses and reinforcing the health of the teeth for the employees would be sounds incredible. We would promote "Caring the teeth" activities by providing the tooth brushes and toothpaste for the staffs in the office to encourage the after-meal teeth cleaning time in the coming years.

ANTI-CORRUPTION

We would retain the standard values and integrity of the anti-corruption policies in the future time and update the latest news of any anti-corruption regulations and laws for our employee time by time.

FUTURE COMMITMENT FOR OUR COMMUNITY

We would participate into our community by supporting and sponsoring different kind of aspects among the community, there are some goals have been established,

- Participating more than 2 charity invitations for donation and fundraising

- Continuing sponsor the youngster education

- Up to total 100 hours volunteer activities participation within the Group employees

CMMB Vision will continue to cultivate a culture of giving our responsibilities among our Environment, People and Community. The sustainability of the Group and the entire key stakeholders would be care and foreseen.

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its subsidiaries are set out in note 37 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income.

The Directors did not recommend payment of any dividend to the Shareholders for the year ended 31 December 2016.

BUSINESS REVIEW

A review of the business of the Group during the year, an analysis of the Group's performance during the year using financial key performance indicators, a discussion on the Group's future business development and description of possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement and Management Discussion and Analysis on pages 3 to 4 and pages 5 to 9 of the annual report respectively. The financial risk management objectives and policies of the Group can be found in note 6 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 114 of the annual report.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of the movements during the year in the property, plant and equipment and intangible assets of the Group are set out in notes 18 and 19 to the consolidated financial statements respectively.

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2016 are set out in note 37 to the consolidated financial statements.

CONVERTIBLE NOTES

Details of the convertible notes at 31 December 2016 are set out in note 29 to the consolidated financial statements.

SHARE CAPITAL

During the year, an aggregate 12,506,418,723 new Shares (before capital reduction) were issued, which represents approximately 200% change in existing issued share capital (before capital reduction) as at 31 December 2015. Details of these and other movements during the year in the share capital of the Company are set out in note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company did not have reserves in aggregate available for distribution to the Shareholders as at 31 December 2016. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company amounted to approximately US$199,000 as at 31 December 2016 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. LIU Hui *(Vice-Chairman)*

Non-executive Directors

Mr. CHOU Tsan-Hsiung
Mr. YANG Yi

Independent non-executive Directors

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

In accordance with Article 108(A) of the Articles, at each annual general meeting ("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. Accordingly Dr. LIU Hui, Mr. YANG Yi and Mr. LI Shan will retire from the office and, being eligible, offer themselves for re-election at the forthcoming AGM.

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 2016, 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:

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)	552,882,000	29.47%

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

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 2016 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 and had been expired on 4 July 2015. In view of the expiry of the Scheme, the Directors adopted a new share option scheme (the "Share Option Scheme 2015"), as a replacement of the Scheme, which was duly passed at the extraordinary general meeting of the Company held on 18 December 2015. During the year ended 31 December 2016, the Company did not grant any share options under the Share Option Scheme 2015 to the Directors, employees and consultants who are engaged to provide investment advisory services for the business development of the Group. Particulars of the Share Option Scheme 2015 and details of the movements during the year in the share options of the Company are set out in note 31 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in note 31 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

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 2016, 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 issued share capital
Chi Capital	Beneficial owner (Note 2)	513,882,000 (L)	27.39%
Chi Capital Securities Limited	Beneficial owner (Note 2)	39,000,000 (L)	2.08%
Mr. WONG Chau Chi	Interest of controlled Corporation (Note 2)	552,882,000 (L)	29.47%

Notes:

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

2. These Shares are registered under the name of Chi Capital, a company wholly owned by Mr. WONG Chau Chi and he was the sole shareholder and director of Chi Capital; and Chi Capital Securities Limited, a wholly-owned subsidiary of Chi Capital. Under the SFO, Mr. WONG Chau Chi was deemed to be interested in all the Shares held by Chi Capital and its subsidiary.

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 2016.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is established by the management with reference to the employees' merit, qualifications and competence.

The emoluments of the Directors and the senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company currently has a Share Option Scheme as an incentive to Directors and eligible employees, details of which are set out in note 31 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report, there was permitted indemnity provision being in force for the benefit of any directors of the Company (whether made by the Company or otherwise) or of its associated company (made by the Company).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest and the five largest customers of the Group accounted for approximately 48% and 98% of the Group's turnover respectively.

At no time during the year did a Director, an associate of a Director or any Shareholders (which to the 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

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. The related party transactions disclosed in note 36 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.

EVENT AFTER THE REPORTING PERIOD

Details of event after the reporting period of the Group and the Company are set out in note 39 to the consolidated financial statements in this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company considers all of the independent non-executive Directors are independent.

CHANGE OF AUDITOR

The consolidated financial statements for the year ended 31 December 2014 was audited by Messrs. Deloitte Touche Tohmatsu who resigned as auditor of the Company on 18 December 2015. The board of directors has appointed HLM CPA Limited as the new auditor of the Company with effect from 18 December 2015 to fill the vacancy following the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the next annual general meeting of the Company. Save as disclosed above, there were no other changes in auditors of the Company during the past three years.

The consolidated financial statements for the year ended 31 December 2016 have been audited by HLM CPA Limited, who will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed in the forthcoming AGM to re-appoint HLM CPA Limited as auditor of the Company.

On behalf of the Board

Wong Chau Chi
Chairman
Hong Kong, 31 March 2017

Independent Auditor's Report

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)

OPINION

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 41 to 113, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment review of intangible asset	
As set out in Note 19 to the consolidated financial statements, the Group has US$106,588,000 of intangible asset as at 31 December 2016. The intangible asset represents the spectrum usage rights held by the Group in the USA. Management is required to carry out an impairment test at least annually. Independent external valuations were obtained in order to support management's estimates. Income approach was adopted in the valuation, in which value in use is calculated with cash flow projections based on financial budgets approved by the management, which is judgemental and based on a number of assumptions.	Our procedures in relation to management's valuation of the intangible asset included: – evaluating the independent external valuer's competence, capabilities and objectivity; – assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the industry; and – checking on a sample basis, the accuracy and relevance of the input data used. We found the key assumptions were supported by the available evidence.
Financial assets at fair value through profit or loss	
As set out in Note 23 to the consolidated financial statements, financial assets at fair value through profit or loss represents a 3% equity interest in an unlisted company and an option to acquire an additional 47% equity interest in that unlisted company. The 3% equity interest and the option is accounted for as one contract and classified as financial asset at fair value through profit or loss as the option cannot be measured reliably after separation from the whole contract. They are measured at fair value with changes in fair value recognised in the statement of profit or loss. The management had made an impairment charges of US$2,118,000 which is recognised in the year.	Our procedures in relation to Group's financial assets at fair value through profit or loss included: – assessing management's controls over financial assets at fair value through profit or loss; – inspecting the management's investment documentation and contracts; – performing company search for unlisted equity investment; and – assessing management's valuation of the financial assets at fair value through profit or loss. We found the key assumptions were supported by the available evidence.

Key audit matter	How our audit addressed the key audit matter
Disposal of a subsidiary and interests in a joint venture	
As set out in Note 11 to the consolidated financial statements, the Group disposed of 51% equity interest in a subsidiary to a third party for RMB1 and a loss on disposal of subsidiary of US$7,629,000 was recorded during the year. The balance of interest retained in the former subsidiary was recognised as interests in a joint venture at fair value at date of disposal and is accounted for using the equity method from that date. The interests in joint venture was later reclassified as assets held for sale as the Company had entered into a sales and purchase agreement to dispose of this interest. Independent external valuations were obtained in order to support management's estimates of fair value of interest retained in the former subsidiary at date of disposal. Asset approach was adopted in the valuation. The valuation was based on certain management judgement and estimates and a number of assumptions.	Our procedures in relation to the Group's disposal of a subsidiary included: – recalculating the loss on disposal; – inspecting the relevant contracts and documents; – assessing management's valuation of the interest retained in the former subsidiary at date of disposal with following procedures: – evaluation of the independent external valuer's competence, capabilities and objectivity; and – assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the industry. We found the key assumptions were supported by the available evidence.
Impairment review of deposits for the acquisition of assets	
As set out in Note 20 to the consolidated financial statements, we have identified that the recoverability of the deposits for acquisition of assets as a key audit matter because of its significance to the consolidated financial statements. The impairment assessment of refundable deposits requires significant judgements made by the management in respect of the reputation and creditworthiness of the counterparty.	Our procedures in relation to the impairment assessment of the deposits for acquisition of assets include: – obtaining and reviewing the relevant agreement, and agreeing to the total consideration amount; – reviewing the information and document regarding the process of the acquisition; and – obtaining the direct confirmation of the balances of such deposit. We found the judgement and assessment made by management in respect of impairment of such deposits were supportable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLM CPA Limited
Certified Public Accountants
Chan Lap Chi
Practising certificate number: P04084
Hong Kong, 31 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	NOTES	2016 US$'000	2015 US$'000
Revenue	8	**6,089**	8,669
Cost of sales		**(4,242)**	(8,212)
Gross profit		**1,847**	457
Other income	9	**17**	1
Administrative expenses		**(1,966)**	(1,973)
Market development and promotion expenses		**(4,312)**	(6,274)
Other expenses		**(378)**	(701)
Finance costs	10	**(2,092)**	(1,698)
Loss on disposal of a subsidiary	11	**(7,629)**	–
Share of loss of a joint venture	22	**(106)**	–
Impairment loss recognised on financial assets at fair value through profit or loss	23	**(2,118)**	–
Impairment loss recognised on goodwill		**–**	(11,188)
Impairment loss recognised on intangible assets		**–**	(1,685)
Elimination of derivative component upon redemption of convertible notes		**–**	1,278
Change in fair value of financial assets at fair value through profit or loss		**–**	118
Loss before tax		**(16,737)**	(21,665)
Income tax expense	12	**(59)**	(66)
Loss for the year	13	**(16,796)**	(21,731)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**(49)**	(37)
– Reclassification of cumulative exchange difference attributable to a disposed subsidiary to profit or loss		**21**	–
Total comprehensive expense for the year		**(16,824)**	(21,768)
(Loss) profit for the year attributable to:			
– Owners of the Company		**(17,327)**	(21,405)
– Non-controlling interests		**531**	(326)
		(16,796)	(21,731)
Total comprehensive (expense) profit for the year attributable to:			
– Owners of the Company		**(17,355)**	(21,442)
– Non-controlling interests		**531**	(326)
		(16,824)	(21,768)
		US$	US$ (Restated)
Loss per share	17		
Basic		**(0.0110)**	(0.0418)
Diluted		**(0.0110)**	(0.0418)

Consolidated Statement of Financial Position

At 31 December 2016

	NOTES	2016 US$'000	2015 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**443**	752
Intangible assets	19	**106,588**	106,588
Deposits for the acquisition of assets	20	**91,442**	26,012
Interests in associates	21	**–**	–
Interests in a joint venture	22	**–**	–
Financial asset at fair value through profit or loss	23	**–**	2,118
		198,473	135,470
CURRENT ASSETS			
Trade and other receivables	25	**1,275**	2,495
Amount due from a related company	28	**4,639**	1,331
Bank balances and cash	26	**5,925**	10,412
		11,839	14,238
Assets classified as held for sale	24	**7,171**	–
		19,010	14,238
CURRENT LIABILITIES			
Trade and other payables	27	**3,828**	1,566
Tax payable		**35**	35
		3,863	1,601
NET CURRENT ASSETS		**15,147**	12,637
TOTAL ASSETS LESS CURRENT LIABILITIES		**213,620**	148,107
NON-CURRENT LIABILITIES			
Convertible notes	29	**20,712**	18,622
		192,908	129,485

Consolidated Statement of Financial Position

At 31 December 2016

	NOTES	2016 US$'000	2015 US$'000
CAPITAL AND RESERVES			
Share capital	30	**2,419**	80,673
Share premium and reserves		**162,134**	20,988
Equity attributable to owners of the Company		**164,553**	101,661
Non-controlling interests		**28,355**	27,824
TOTAL EQUITY		**192,908**	129,485

The consolidated financial statements on pages 41 to 113 were approved and authorised for issue by the Board of directors on 31 March 2017 and are signed on its behalf by:

DIRECTOR *DIRECTOR*

Consolidated Statement of Changes In Equity

For the year ended 31 December 2016

	Attributable to owners of the Company											
	Share capital US$'000	Share premium US$'000	Merger reserve US$'000 (note 1)	Distributable reserve US$'000 (note 2)	Share option reserve US$'000	Capital reserve US$'000 (note 3)	Convertible note reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2015	48,652	60,023	31,987	18,464	1,744	2,110	–	29	(109,043)	53,966	10,528	64,494
Loss for the year	–	–	–	–	–	–	–	–	(21,405)	(21,405)	(326)	(21,731)
Exchange realignment	–	–	–	–	–	–	–	(37)	–	(37)	–	(37)
Total comprehensive expense for the year	–	–	–	–	–	–	–	(37)	(21,405)	(21,442)	(326)	(21,768)
Recognition of equity component of convertible notes	–	–	–	–	–	–	20,980	–	–	20,980	–	20,980
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	17,622	17,622
Lapse of share options	–	–	–	–	(1,677)	–	–	–	1,677	–	–	–
Issue of shares												
– placement	22,356	21,117	–	–	–	–	–	–	–	43,473	–	43,473
– conversion of convertible notes	9,665	–	–	–	–	–	(4,981)	–	–	4,684	–	4,684
At 31 December 2015 and at 1 January 2016	80,673	81,140	31,987	18,464	67	2,110	15,999	(8)	(128,771)	101,661	27,824	129,485
Loss for the year	–	–	–	–	–	–	–	–	(17,327)	(17,327)	531	(16,796)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(49)	–	(49)	–	(49)
Reclassification of cumulative exchange difference attributable to a disposed subsidiary to profit or loss	–	–	–	–	–	–	–	21	–	21	–	21
Total comprehensive expense for the year	–	–	–	–	–	–	–	(28)	(17,327)	(17,355)	531	(16,824)
Issue of shares												
– rights issue	80,595	–	–	–	–	–	–	–	–	80,595	–	80,595
– bonus issue	80,595	(80,595)	–	–	–	–	–	–	–	–	–	–
– exercise of option	–	2	–	–	(2)	–	–	–	–	–	–	–
Transaction costs related to issue of shares	–	(348)	–	–	–	–	–	–	–	(348)	–	(348)
Capital reduction	(239,444)	–	–	111,293	–	–	–	–	128,151	–	–	–
At 31 December 2016	2,419	199	31,987	129,757	65	2,110	15,999	(36)	(17,947)	164,553	28,355	192,908

Note:

1. 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 Global Technology International Limited acquired pursuant to a group reorganisation on 5 July 2005.

2. On 29 April 2009, the authorised and issued share capital of the Company was reduced through a reduction in the nominal value of each share from HK$0.10 to HK$0.01. The capital reduction amount was transferred to distributable reserve.

   On 21 June 2016, every ten issued and unissued shares were consolidated into one consolidated share from HK$0.10 to HK$1. Details refer to Note 30.

   On 8 September 2016, the authorised and issued share capital of the Company was reduced through a reduction in the nominal value of each share from HK$1 to HK$0.01. The credit balance of the capital reduction amount after reducing the accumulated losses of the Company was transferred to distributable reserve.

3. Capital reserve represents (i) the capital contribution from a shareholder of the Company through the shares granted by a shareholder to the employees of the Company during the year ended 31 December 2006 and 2008, (ii) deemed capital contribution from a shareholder regarding the non-interest bearing advances.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 US$'000	2015 US$'000
OPERATING ACTIVITIES		
Loss for the year	**(16,796)**	(21,731)
Adjustments for:		
Income tax expense	**59**	66
Finance costs	**2,092**	1,698
Depreciation of property, plant and equipment	**132**	49
Interest income	**(2)**	(1)
Loss on disposal of a subsidiary	**7,629**	–
Loss on disposal of property, plant and equipment	**9**	–
Share of loss of a joint venture	**106**	–
Written off of other payable	**(15)**	–
Impairment loss recognised on financial assets at fair value through profit or loss	**2,118**	–
Impairment loss recognised on assets classified as held for sale	**33**	–
Impairment loss recognised on goodwill	**–**	11,188
Impairment loss recognised on intangible assets	**–**	1,685
Elimination of derivative component upon redemption of convertible notes	**–**	(1,278)
Change in fair value of financial assets at fair value through profit or loss	**–**	(118)
Operating cash flows before movements in working capital	**(4,635)**	(8,442)
Decrease (increase) in trade and other receivables	**594**	(858)
Increase (decrease) in trade and other payables	**2,370**	(502)
NET CASH USED IN OPERATING ACTIVITIES	**(1,671)**	(9,802)
INVESTING ACTIVITIES		
Interest received	**2**	1
Deposits paid for the acquisition of assets	**(65,430)**	(20,853)
Net cash outflow on disposal of a subsidiary (Note 11)	**(13,902)**	–
Purchase of property, plant and equipment	**(324)**	(655)
Purchase of financial asset at fair value through profit or loss	**–**	(2,000)
Consideration paid for the acquisition of a subsidiary	**–**	(1,222)
NET CASH USED IN INVESTING ACTIVITIES	**(79,654)**	(24,729)
FINANCING ACTIVITIES		
Interest paid	**(2)**	(2)
Repayment to a related company	**(3,367)**	(4,049)
Proceeds from rights issue, net of expenses	**80,247**	–
Proceeds from issue of shares	**–**	43,472
Advance from a related company	**–**	1,331
Redemption of convertible notes	**–**	(5,908)
NET CASH FROM FINANCING ACTIVITIES	**76,878**	34,844

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 US$'000	2015 US$'000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(4,447)**	313
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**10,412**	10,137
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(40)**	(38)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**5,925**	10,412

1. GENERAL

The Company is 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. The Company together with its subsidiaries (collectively the "Group") are principally engaged in the development and promotion of CMMB-based multimedia and interactive services via proprietary terrestrial infrastructure. In the People's Republic of China (the "PRC" or "China"), subject to the satisfaction of certain conditions, the Company entered into a sale and purchase agreement with Chi Capital Holdings Ltd ("Chi Capital"), a company wholly owned by Mr. Wong Chau Chi ("Mr. Wong"), the chief executive officer of the Group and an executive director and a shareholder of the Company, pursuant to which the Company has conditionally agreed to purchase 20% equity interest of Silkwave Holdings Limited ("Silkwave Holdings"), through its wholly-owned subsidiary, indirectly holds a geosynchronous L-band satellite operating platform, including the "AsiaStar" satellite capacity, its 40MHz spectrum frequency use, orbital slots, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, in order to provide multimedia broadcasting and internet-based content delivery services to vehicles and mobile devices in China and Asia Pacific Region. In the United States of America ("USA"), the Group is operating a terrestrial UHF wireless television ("TV") network providing digital media and entertainment services to New York and other key markets in preparation to deploying a similar multimedia service platform in the USA.

Converged Mobile Multimedia Broadcasting ("CMMB") is a digital mobile multimedia technology developed by and currently commercially deployed in the PRC under the State Administration of Press, Production, Radio, Film and Television ("SAPPRFT"). It can deliver digital mobile TV and multimedia contents via both terrestrial and satellite networks directly to mobile and wireless devices such as smartphone, tablet, pocket TV, laptop, automobile digital receiver and personal media player that are equipped with a CMMB-enabled chipset. Its broadcast oriented delivery can render data contents to be received anytime anywhere with enormous scale and cost efficiency and encounter no traffic interruption or bandwidth squeeze typical of today's unicast-based cellular network. The signals can be received over 350 kilometer/hour without distortion.

It is the plan of the Company to apply the CMMB technology to the existing TV broadcasting services so as to provide mobile TV services in the future.

The Group is also engaged in trading which relates to the procurement and distribution of printed circuit board ("PCB") materials.

The consolidated financial statements are presented in United States dollars, which is also the functional currency of the Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis. In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of US$16,796,000 (2015: US$21,731,000) for the year ended 31 December 2016 and the Group's net current assets of US$15,147,000 as at 31 December 2016. In the opinion of the Directors, the Group is able to continue as a going concern in the coming year taking into consideration the measures which include, but not limited to, that Chi Capital has agreed to provide financial support to enable the Group to meet its financial obligations as they fall due in the foreseeable future.

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

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Applications of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKAS 1 (Amendments)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the amendments to 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendment to HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and related Amendments[2]
HKFRS 16	Leases[3]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]

1 Effective for annual periods beginning on or after 1 January 2017.

2 Effective for annual periods beginning on or after 1 January 2018.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New and amendments to HKFRSs issued but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the application of HKFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2016.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New and amendments to HKFRSs issued but not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New and amendments to HKFRSs issued but not yet effective *(Continued)*

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Furthermore, extensive disclosures are required by HKFRS 16.

Except as described above, the Directors do not anticipate that the application of the other new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as 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 and services.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economics benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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, when applicable, the cost on initial recognition of an investment in an associate.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value if the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from the interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Any retained portion of interests in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, interests in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net interests in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Interests in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of interests in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's interests in an associate or a joint venture. 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 of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if again or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of interests, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

Trading income is recognised when the related procurement and distribution of goods are completed.

Service income represents the air time and transmission services provided and the channels broadcasting in real time on the TV stations 24 hours a day, seven days a week. Service income will be recognised on a straight-line basis over the contract period.

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 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.

Property, plant and equipment

Property, plant and equipment 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 over their estimated useful lives, using the straight-line method. The estimated useful lives 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.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, being the fair value at the date of acquisition, less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised 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. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 lessee

If the terms of a lease of the Group are changed to such an extent that the lease would have been classified differently at inception had the changed terms been in effect at that time, the revised agreement is considered to be a new agreement over its remaining term.

When a lease previously classified as an operating lease becomes a finance lease resulting from modification of lease agreement, the revised contract is accounted for as a finance lease from the date of modification. The leased asset is recognised in the Group's consolidated statement of financial position at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus the costs incurred to acquire the relevant lease agreement, less cumulative amortisation and impairment (if any) prior to the change in classification. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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 with finite useful lives 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. When 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.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets *(Continued)*

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 immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 immediately in profit or loss.

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 profit or loss because of income or expense that are taxable or deductible in other years and 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 difference 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 recognised 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 at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on 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 foreign operation are translated into the presentation currency of the Group (i.e. United States dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, 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 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 transferred to accumulated losses.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

Shares and share options granted to employees of the Group

For grants of share options that are conditional upon satisfying specified vesting conditions, 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, 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.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Shares and share options granted to employees of the Group (Continued)

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 value 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 value of the services received is recognised as an expense, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets.

Financial instruments

Financial assets and financial liabilities are recognised 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 (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 debt instrument, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near term; or
- On initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designed and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Loans and receivables

Loans and receivables (including trade and other receivables and bank balances) 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 of financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when 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.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- 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 assets, such as trade and other 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 and 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 recognised is the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial asset’s original effective interest rate.

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 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

Debt 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 an entity 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.

Convertible notes contain debt and equity components

The component parts of the convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Convertible notes contain debt and equity components (Continued)

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a related company and amount due to a director) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity 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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially recognised at their fair values and, if not designated as at FVTPL are subsequently measured at the higher of: (i) the amount of obligation under the contact, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised with the revenue recognition policies.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family if that person

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity related to the Group where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgments, 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.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Enforceability of the finance lease agreement

Section 310 of the Communication Act of 1934 in US ("US rules and regulations") places certain restrictions on foreign investment in and ownership of a US broadcast licensee. The Group conducts their CMMB Business in US principally through a finance lease agreement with New York Broadband, LLC ("NYBB") being the lessor (Note 19). The Directors, after consulting legal opinion, are of the view that such lease agreement is valid, binding and enforceable, and do not result in any violation of the US rules and regulations currently in effect in all material respects. However, if the US government changes its regulations to restrict or prohibit companies of foreign sources from operating TV stations in US, the Group may have difficulties in enforcing its rights under the lease agreement. In such case, the Group may not be able to operate its intangible assets which may have an adverse and material effect on the carrying amount of the intangible assets and the Group's operation and results thereof.

Renewal of spectrum usage rights

In determining the effect of supplementary agreement signed between the Group and NYBB, the lessor, during the year ended 31 December 2013, which provides the option to the Group to renew the lease continuously with NYBB, the Directors assessed the Group's ability and intention to renew the lease and concluded that the lease previously classified as an operating lease becomes a finance lease resulting from the modification of the lease agreement. The spectrum usage rights have legal rights of 5 years. In assessing the useful life of the spectrum usage rights, the Directors are of the view that NYBB has the ability to renew the license right with the authority indefinitely at minimal costs. Therefore, the useful life of spectrum usage rights is regarded as indefinite.

Key sources of estimation uncertainty

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.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of intangible assets

During the current year, the management has evaluated the impairment of intangible assets by way of value in use calculation by reference to the discounted cash flows derived from financial budgets approved by the management of the Group ("VIU") only as the fair value less cost to sell with reference to the latest market transaction ("FVLCTS") is not available in the current year. If the VIU is less than the corresponding carrying amounts, an impairment loss may be required. For the year ended 31 December 2015 and 2016, VIU is used to compare the carrying amount of the spectrum usage rights for impairment assessment. As VIU is higher than its carrying amount, no impairment (2015: US$1,685,000) was recognised in profit or loss for the year ended 31 December 2016. As at 31 December 2016, the carrying amount of intangible assets were US$106,588,000 (2015: US$106,588,000).

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 convertible notes disclosed in note 29, net of cash and cash equivalents disclosed in note 26 and equity attributable to owners of the Company, comprising issued share capital, share premium and reserves. The Group relies mainly on the equity financing from the owners of the Company.

The Directors 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 redemption of existing debts.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2016 US$'000	2015 US$'000
Financial assets		
Financial asset at fair value through profit or loss	–	2,118
Trade receivables, amount due from a related company and cash and bank balances	**11,634**	12,930
Financial liabilities		
Trade payable and convertible notes	**21,742**	19,418

7b. Financial risk management objectives and policies

The Group's major financial instruments include financial asset at fair value through profit or loss, trade receivables, bank balances, trade payables, amount due from/to a related company and convertible notes. 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

Certain bank balances of the Group are denominated in currencies other than US dollars, which expose the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Hong Kong dollars	–	–	**8,334**	10,362
Renminbi	–	–	**2**	403

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

For the exposure to the fluctuation in United States dollar against Hong Kong dollar, as Hong Kong dollar was pegged to United States dollar, the management is of opinion that such exposure is insignificant and no sensitivity analysis is presented.

In the management's opinion, the Group does not have significant exposure to the fluctuation in United States dollar against Renminbi, so no sensitivity analysis is presented.

(ii) Interest rate risk

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

The Group currently does not have any interest rate hedging policy. 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.

Sensitivity analysis

For the years ended 31 December 2016 and 2015, 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. Any variations in interest rates are not expected to have a significant impact on the result of the Group. Accordingly, no sensitivity analysis is performed for the years ended 31 December 2016 and 2015.

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 monitoring procedures to ensure that follow-up action is taken to recover overdue debts. 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. In addition, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses are made for irrecoverable amounts.

7. FINANCIAL INSTRUMENTS *(Continued)*

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

***Credit risk** (Continued)*

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

As at 31 December 2016, the Group has concentration of credit risk as the total trade receivables was due from the Group's two (2015: three) largest customers in the trading business segment. The management is of the view that these customers have good track records and considers that the trade receivables from these customers are recoverable. In order to minimise the credit risk, management continuously monitors the level of exposure to individual customers to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances.

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 are taking active steps to improve the liquidity position of the Group and to ensure that the Group is 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.

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity risk tables

2016

	Weighted average interest rate %	Less than 1 month or on demand US$'000	1 to 3 months US$'000	3 months to 1 year US$'000	1 to 6 years US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31/12/2016 US$'000
Trade payables	–	257	204	569	–	1,030	1,030
Convertible notes (note 29)	–	–	–	–	33,635	33,635	20,712
		257	204	569	33,635	34,665	21,742

2015

	Weighted average interest rate %	Less than 1 month or on demand US$'000	1 to 3 months US$'000	3 months to 1 year US$'000	1 to 6 years US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31/12/2015 US$'000
Trade payables	–	346	435	15	–	796	796
Convertible notes (note 29)	–	–	–	–	33,635	33,635	18,622
		346	435	15	33,635	34,431	19,418

Note: The undiscounted cash flows of convertible notes are presented based on the assumption that the Company will not early redeem the outstanding convertible notes before the maturity date.

7. FINANCIAL INSTRUMENTS *(Continued)*

7c. Fair value

This note provides information about how the Group determines the fair value of its financial asset.

(i) Fair value of the Group's financial asset that is measured at fair value on a recurring basis

One of the Group's financial assets is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial asset is determined (in particular, the valuation technique(s) and inputs used).

Financial asset	Fair value as at 31/12/2016	Fair value as at 31/12/2015	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable input(s)
Financial asset at fair value through profit or loss	–	US$2,118,000	Level 3	Income approach – in this approach, certain parameters determined by management are input into the income approach to derive the valuation of the financial asset at fair value through profit or loss. Certain parameters include: – Weighted average cost of capital – Non-cash working capital – Terminal growth	Estimation of weighted average cost of capital

(ii) Reconciliation of Level 3 fair value measurements

Financial asset at fair value through profit or loss

	2016 US$'000	2015 US$'000
At 1 January	**2,118**	–
Consideration paid	**–**	2,000
Change in fair value	**–**	118
Impairment loss recognised	**(2,118)**	–
At 31 December	**–**	2,118

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. The other financial assets and financial liabilities are categorised as level 3 and have been determined in accordance with generally accepted accounting principles based on discounted cash flow analysis.

8. REVENUE AND SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. CMMB business – Provision of transmission and broadcasting of TV programs.

2. Trading business – Trading of PCB materials.

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

For the year ended 31 December 2016

	CMMB business US$'000	Trading business US$'000	Total US$'000
Revenue			
Segment revenue	2,736	3,353	6,089
Segment loss	(296)	(170)	(466)
Market development and promotion expenses	(4,312)	–	(4,312)
Loss on disposal of a subsidiary	–	–	(7,629)
Share of loss of a joint venture	(106)	–	(106)
Impairment loss recognised on financial assets at fair value through profit or loss	(2,118)	–	(2,118)
Interest income	–	–	2
Unallocated expenses			(2,167)
Loss for the year			(16,796)

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2015

	CMMB business US$'000	Trading business US$'000	Total US$'000
Revenue			
Segment revenue	612	8,057	8,669
Segment (loss) profit	(2,134)	381	(1,753)
Market development and promotion expenses	(6,274)	–	(6,274)
Impairment loss recognised on goodwill	(11,188)	–	(11,188)
Change in fair value of financial asset at fair value through profit or loss	118	–	118
Interest income			1
Unallocated expenses			(2,635)
Loss for the year			(21,731)

The accounting policies for the operating segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit (loss) from each segment after tax without allocation of interest income and central administration expenses. This is the measure reported to Company's executive directors for the purposes of resources allocation and performance assessment.

Segment assets

	2016 US$'000	2015 US$'000
CMMB business	**198,234**	135,829
Trading business	**1,523**	1,392
Total segment assets	**199,757**	137,221
Unallocated		
– Property, plant and equipment	**248**	650
– Other receivables	**196**	285
– Amount due from a related company	**4,639**	1,331
– Bank balances and cash	**5,472**	10,221
Assets classified as held for sale	**7,171**	–
Consolidated assets	**217,483**	149,708

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment liabilities

	2016	2015
	US$'000	US$'000
CMMB business	**23,100**	18,683
Trading business	**1,072**	853
Total segment liabilities	**24,172**	19,536
Unallocated		
– Accruals	**387**	674
– Other payables	**16**	13
Consolidated liabilities	**24,575**	20,223

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include certain property, plant and equipment, intangible assets, deposits for the acquisition of assets, certain bank balances and cash and trade receivables; and
- segment liabilities include trade payables, certain accruals and convertible notes.

Revenue from major products and services

The following is the analysis of the Group's revenue from its major products and services:

	2016	2015
	US$'000	US$'000
Trading of PCB materials	**3,353**	8,057
Transmission and broadcasting of television programs	**2,736**	612
	6,089	8,669

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

	CMMB business US$'000	**Trading business** US$'000	**Total** US$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Year ended 31 December 2016			
Depreciation	26	–	26
Loss on disposal of property, plant and equipment	9	–	9
Impairment loss recognised on financial assets at fair value through profit or loss	2,118	–	2,118
Effective interest expense on convertible notes	2,090	–	2,090
Income tax expense	59	–	59
Year ended 31 December 2015			
Depreciation	13	–	13
Elimination of derivative component upon redemption of convertible notes	(1,278)	–	(1,278)
Impairment loss recognised on intangible assets	1,685	–	1,685
Effective interest expense on convertible notes	1,696	–	1,696
Income tax expense	59	7	66

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group principally operates in the USA (country of domicile of the operating subsidiary) for CMMB business and in Taiwan for trading business. Nearly all non-current assets of the Group are located in the USA except for certain insignificant non-current assets (such as office equipment and motor vehicles in Hong Kong office) located in Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations.

	Revenue from external customers	
	2016	2015
	US$'000	US$'000
USA	**2,736**	612
Taiwan	**3,353**	8,057
	6,089	8,669

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2016	2015
	US$'000	US$'000
Customer A	**2,915**[2]	7,482[2]
Customer B	**590**[1]	N/A[1,3]
Customer C	**1,926**[1]	N/A[1,3]

1 Revenue from CMMB business
2 Revenue from Trading business
3 The corresponding revenue did not contribute over 10% of the total sales of the Group

9. OTHER INCOME

Other income of the Group is analysed as follows:

	2016	2015
	US$'000	US$'000
Interest income	**2**	1
Written off of other payables	**15**	–
	17	1

10. FINANCE COSTS

	2016	2015
	US$'000	US$'000
Effective interest expense on convertible notes (note 29)	**2,090**	1,696
Bank interest expense	**2**	2
	2,092	1,698

11. LOSS ON DISPOSAL OF A SUBSIDIARY

On 19 July 2016, the Group transferred 51% of the equity interest in Global Vision Media Technology Co. Ltd. ("Global Vision"), a wholly-owned subsidiary in China, to Global Broadcasting Media Group ("GMG") at a consideration of RMB1. 49% of the equity interest retained in Global Vision became a joint venture of the Group and is accounted for using the equity method.

	US$'000
Consideration	–

Analysis of assets and liabilities over which control was lost:

	US$'000
Property, plant and equipment (note 18)	483
Other receivables	626
Bank balances and cash	13,902
Other payables	(93)
Net assets of Global Vision disposed of	14,918

11. LOSS ON DISPOSAL OF A SUBSIDIARY *(Continued)*

Loss on disposal of a subsidiary:

	US$'000
Consideration	–
Net assets disposed of	(14,918)
49% equity interest retained in Global Vision (notes 22 and 24)	7,310
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	(21)
Loss on disposal of 51% of Global Vision	(7,629)

Net cash outflow arising on disposal:

	US$'000
Cash consideration	–
Less: bank balances and cash disposed of	(13,902)
	(13,902)

12. TAXATION

	2016	2015
	US$'000	US$'000
Current tax:		
Withholding tax on foreign income	**59**	59
Taiwan Income Tax	**–**	7
	59	66

Withholding tax on foreign income represented PRC withholding tax on income from a PRC customer at 10% of the gross invoice amount.

Hong Kong Profits Tax is charged at 16.5% for both years. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in Hong Kong for both years.

Taiwan Income Tax is charged at 17% for both years. No provision for Taiwan Income Tax has been made as the Group does not have assessable profit arising in Taiwan for the year ended 31 December 2016. Provision for Taiwan Income Tax was made in 2015 as the Group had assessable profit arising in Taiwan for that year.

12. TAXATION *(Continued)*

Taxation arising in the USA is charged at 38% for the both years. No provision for Federal Income Tax and State and Local Income Tax has been made as the Group has tax losses brought forward from previous years which are available to set off against the current year's assessable profit.

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 tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2016	2015
	US$'000	US$'000
Loss before tax	**(16,737)**	(21,665)
Tax at the domestic income tax rate of 38% (2015: 38%)	**(6,360)**	(8,233)
Tax effect of income not taxable for tax purpose	**(1)**	(755)
Tax effect of expenses not deductible for tax purpose	**7,052**	6,625
Tax effect of tax losses not recognised	**13**	2,436
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	(66)
Utilisation of tax losses previous not recognised	**(704)**	–
Withholding tax on foreign income	**59**	59
Taxation for the year	**59**	66

At the end of both reporting periods, the Group has deductible temporary differences of US$1,334,000 (2015: US$1,334,000) relating to impairment loss recognised on an intangible asset recognised in year ended 31 December 2012. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. In addition, the Group has unused tax losses of US$5,719,000 as at 31 December 2016 (2015: US$6,410,000) available for offsetting against future profits, subject to the confirmation of the relevant tax authorities. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

13. LOSS FOR THE YEAR

	2016 US$'000	2015 US$'000
Loss for the year is arrived at after charging:		
Staff costs, including directors' remuneration		
– Directors' remuneration	**205**	175
– Salaries and allowances	**1,432**	988
– Retirement benefit scheme contributions	**51**	18
Total staff costs	**1,688**	1,181
Included in other expenses:		
– Exchange loss, net	**36**	14
– Legal and professional fee	**31**	544
Auditor's remuneration	**148**	154
Depreciation of property, plant and equipment	**132**	49
Loss on disposal of property, plant and equipment	**9**	–
Impairment loss recognised on assets classified as held for sale	**33**	–

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the seven directors and the chief executive were as follows:

2016

	Directors							
	Wong Chau Chi US$'000	Liu Hui US$'000	Chou Tsan Hsiung US$'000	Yang Yi US$'000	Wang Wei-Lin US$'000	Li Shan US$'000	Li Jun US$'000	Total 2016 US$'000
Fees	–	–	–	–	–	–	–	–
Other emoluments								
Salaries and other benefits	–	205	–	–	–	–	–	205
Contributions to retirement benefits scheme	–	–	–	–	–	–	–	–
Performance related incentive payments	–	–	–	–	–	–	–	–
Equity-settled share-based payment expense	–	–	–	–	–	–	–	–
Total emoluments	–	205	–	–	–	–	–	205

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

2015

	Directors							
	Wong Chau Chi US$'000	Liu Hui US$'000	Chou Tsan Hsiung US$'000	Yang Yi US$'000	Wang Wei-Lin US$'000	Li Shan US$'000	Li Jun US$'000	Total 2015 US$'000
Fees	–	–	–	–	–	–	–	–
Other emoluments								
Salaries and other benefits	–	175	–	–	–	–	–	175
Contributions to retirement benefits scheme	–	–	–	–	–	–	–	–
Performance related incentive payments	–	–	–	–	–	–	–	–
Equity-settled share-based payment expense	–	–	–	–	–	–	–	–
Total emoluments	–	175	–	–	–	–	–	175

The Directors' emoluments disclosed above include their services in connection with management of the affairs of the Group.

Mr. Wong Chau Chi is also the Chief Executive Officer of the Company.

One of the directors waived emoluments of US$50,000 (2015: US$50,000) during the year ended 31 December 2016.

(b) Directors' material interests, transactions, arrangements or contracts

Except as disclosed in note 36, no other transactions, arrangements and contracts of significance to which the Group as a party and in which a Director of the Group had material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Loans, quasi-loans and other dealings in favour of directors

Except as disclosed in note 36, no other loans, quasi-loans and other dealings in favour of directors of the Group or body corporate controlled by such directors, or entities connected with such directors, subsisted at the end of the year or at any time during the year.

15. EMPLOYEES' REMUNERATIONS

Of the five individuals with the highest emoluments in the Group, there was one director whose emoluments are included in the disclosures in note 14 (2015: one). The emoluments of the remaining four (2015: four) individuals were as follows:

	2016	2015
	US$'000	US$'000
Salaries and other benefits	**523**	525
Contributions to retirement benefits scheme	**4**	2
	527	527

Their emoluments were within the following bands:

	2016	2015
	No. of employees	No. of employees
Nil to HK$1,000,000 (equivalent to nil to US$129,000)	**3**	2
HK$1,000,001 to HK$1,500,000 (equivalent to US$129,001 to US$194,000)	**–**	2
HK$1,500,001 to HK$2,000,000) (equivalent to US$194,001 to US$258,000)	**1**	–

During the year ended 2016 and 2015, no emoluments had been paid by the Group to the directors or the five highest-paid individuals referred to note 15 as an inducement to join or upon joining the Group or as a compensation for loss of office

16. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2016 and 2015.

17. LOSS PER SHARE

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

	2016 US$'000	2015 US$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(17,327)**	(21,405)
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**N/A**	N/A
– Change in fair value of derivative components of convertible notes	**N/A**	N/A
Loss for the year attributable to owners of the Company for the purpose of dilutive loss per share	**(17,327)**	(21,405)

	2016	2015 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,570,242,196**	511,531,651
Effect of dilutive potential ordinary shares:		
– Convertible notes	**N/A**	N/A
– Share options	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of dilutive loss per share	**1,570,242,196**	511,531,651

The computation of the diluted loss per share for the year ended 31 December 2016 and 2015 does not assume the conversion of the Company's outstanding convertible notes and share options since their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the year ended 31 December 2015 has been adjusted for the effect of the rights issue and the issue of bonus shares completed on 18 April 2016 and the effect of share consolidation completed on 21 June 2016.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$'000	Motor vehicles US$'000	TV equipment US$'000	Office and other equipment US$'000	Total US$'000
COST					
At 1 January 2015	60	25	–	33	118
Additions	521	92	–	42	655
Acquisition through business combination	–	–	115	–	115
At 31 December 2015	581	117	115	75	888
Additions	97	–	40	187	324
Disposal of a subsidiary (note 11)	(418)	–	–	(71)	(489)
Written off	–	–	(11)	–	(11)
Exchange differences	(9)	–	–	(33)	(42)
At 31 December 2016	251	117	144	158	670
DEPRECIATION					
At 1 January 2015	29	25	–	33	87
Provided for the year	28	6	13	2	49
At 31 December 2015	57	31	13	35	136
Provided for the year	60	18	26	28	132
Disposal of a subsidiary (note 11)	–	–	–	(6)	(6)
Written off	–	–	(2)	–	(2)
Exchange differences	–	–	–	(33)	(33)
At 31 December 2016	117	49	37	24	227
CARRYING VALUES					
At 31 December 2016	134	68	107	134	443
At 31 December 2015	524	86	102	40	752

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

Leasehold improvement	33%
Motor vehicles	20%
TV equipment	20%
Office and other equipment	10-33%

Motor vehicles, office and other equipment which have been fully depreciated remain in use at the end of the reporting period.

19. INTANGIBLE ASSETS

	Contract acquisition costs/ spectrum usage rights (note a) US$'000	Licensing rights (note b) US$'000	Total US$'000
COST			
At 1 January 2015	24,507	1,533	26,040
Acquisition through business combination	84,430	–	84,430
At 31 December 2015, 1 January 2016 and 31 December 2016	108,937	1,533	110,470
ACCUMULATED AMORTISATION/ IMPAIRMENT			
At 1 January 2015	664	1,533	2,197
Impairment provided for the year	1,685	–	1,685
At 31 December 2015, 1 January 2016 and 31 December 2016	2,349	1,533	3,882
CARRYING VALUE			
At 31 December 2016	106,588	–	106,588
At 31 December 2015	106,588	–	106,588

(a) The contract acquisition costs at 1 January 2015 in an amount of US$24,507,000 represented costs incurred in acquiring a lease agreement which provided the exclusive right of four UHF spectrum TV station network in New York City with total 24 MHz in bandwidth capable of operating 24 digital channels of terrestrial and mobile TV and video programs covering 12 million population in the New York Metropolitan of New York State. Since the date of acquisition in September 2012 to the date of modification, the contract acquisition costs were amortised on a straight-line basis over the operating leasing period of 20 years under the lease contract entered into between CMMB Vision USA Inc ("CMMB Vision USA") and NYBB.

19. INTANGIBLE ASSETS *(Continued)*

(a) *(Continued)*

During the year ended 31 December 2013, CMMB Vision USA entered into a supplementary agreement with NYBB that CMMB Vision USA is able to renew the lease period continuously at CMMB Vision USA's discretion. The Directors determined that the lease previously classified as an operating lease becomes a finance lease resulting from modification of the lease agreement after considering the Group's ability and intention to renew the lease. The revised contract is accounted for as a finance lease from the date of modification (i.e. the effective date of the supplementary agreement).

In 2015, the Group has further acquired 79% equity interest in Chi Vision USA Corporation ("Chi Vision") that has entered into an asset purchase option and ancillary spectrum lease agreement with NYBB. Chi Vision holds the user and operating rights over free-to-air UHF Spectrum TV Stations inclusive of the spectrum usage right, broadcasting rights and operating facilities in seven top US metropolitan cities, which are Los Angeles, San Francisco, Dallas, Houston, Altanta, Miami and Tampa.

The spectrum usage rights are subject to renewal from time to time. The Directors are of the view that NYBB is able to renew the license rights with the authority indefinitely at minimal costs. Accordingly, the useful life of the spectrum usage rights is regarded as indefinite.

The management conducted an impairment assessment on the spectrum usage rights on the reporting date. The Group's intangible assets were valued by Peak Vision Appraisals Limited, an independent valuer not related to the Group. The Directors determined there is no impairment for the spectrum usage right in seven US cities recognised by reference to the VIU on 31 December 2016 as the FVLCTS is not available (2015: US$1,685,000). The Directors determined that there is no impairment for the spectrum usage right in New York.

The basis of the recoverable amounts of the above spectrum usage rights and their underlying assumptions are summarized below:

The recoverable amount of the spectrum usage rights has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management covering a three-year period and discount rate of 12.21% (2015: 11.38%). The spectrum usage rights' cash flow beyond the three-year period are extrapolated using a steady growth rate of 2.46% p.a. (2015: 2.08%). This growth rate is based on projected inflation published by the International Monetary Fund.

19. INTANGIBLE ASSETS *(Continued)*

(a) *(Continued)*

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which included budgeted sales and gross margin, such estimation is based on the past performance and management's expectations.

The Group's intangible assets are categorised as level 3 fair value hierarchy by inputs for the assets or liabilities that are not based on observable market data. There were no transfers into or out of Level 3 during the year.

Section 310 of the Communication Act of 1934 in US ("US rules and regulations") places certain restrictions on foreign investment in and ownership of a US broadcast licensee. The Group conducts their CMMB business in the US principally through a finance lease agreement with NYBB being the lessor. The Directors, after consulting legal opinion, are of the view that such lease agreement is valid, binding and enforceable, and do not result in any violation of the US rules and regulations currently in effect in all material respects. However, if the US government changes its regulations to restrict or prohibit companies of foreign sources from operating TV stations in US, the Group may have difficulties in enforcing its rights under the lease agreement. In such case, the Group may not be able to operate its intangible assets which may have an adverse and material effect on the carrying amount of the intangible assets and the Group's operation and results thereof.

(b) The licensing rights represented the exclusive international development and licensing right of CMMB technology registered in the PRC for providing turnkey solutions to develop and promote CMMB technology and business platform in markets outside of 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. The licensing rights will expire in year 2020. As the actual results in the second half of 2012 did not meet the expected results, the Directors recognised an impairment loss of US$1,334,000 for the year ended 31 December 2012. As at 31 December 2016 and 2015, there were no changes to the circumstances which led to the impairment in the prior year. Accordingly, no reversal of impairment loss had been made in the current year.

20. DEPOSITS FOR THE ACQUISITION OF ASSETS

Refundable deposits paid for the acquisition of assets as at 31 December 2016 and 2015 as follows:

	2016	2015
	US$'000	US$'000
Satellites and related assets	**91,442**	26,012

On 9 September 2014 and 30 June 2015, the Company entered into a memorandum of understanding and an agreement respectively with New York Broadband II, LLC, a wholly-owned subsidiary of NYBB, to acquire the capacity of the current geosynchronous L-band satellite known as "AsiaStar" and its two follow-on co-location new generation satellites in order to provide mobile multimedia and broadband internet services in the PRC and other Asian markets. The memorandum of understanding also gives the Company the exclusivity to develop businesses in the region by using this satellite platform. The "AsiaStar" satellite located at the 105 degrees East orbital slot, with its associated L-band spectrum rights, is the only mobile satellite capable of covering the all of Asia, including the PRC, Japan, Korea, Southeast Asia, Indonesia, and India, and has been delivering audio, video and data services in the region. The capacity acquisition will give the Company a ubiquitous Asia-wide mobile platform to offer next generation media and internet services.

On 27 October 2015, the Company together with its business partner in the United States, NYBB, entered into an agreement with The Boeing Company for construction of the next-generation high-power mobile L-band satellite named "Silkwave-1".

NYBB is procuring "Silkwave-1" and will exclusively lease its capacity to the Company for providing a comprehensive suite of internet broadband media and information services to Asian mobile customers. "Silkwave-1" is expected to launch in 2020, complementing and eventually replacing the current "AsiaStar" satellite to continue operation.

On 31 October 2016, the Company entered into a sale and purchase agreement with Chi Capital, pursuant to which the Company has conditionally agreed to purchase 20% equity interest in Silkwave Holdings, which through its wholly-owned subsidiary, indirectly holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, at a consideration of US$240 million. On completion of the transaction, the 20% equity interest in Silkwave Holdings will become an associate of the Group and will be accounted for using the equity method. Therefore the deposits paid for the acquisition of intangible assets was reclassified as the deposits paid for acquisition of assets.

As at 31 December 2016, the Group has paid a total amount of approximately US$91,442,000 (2015: US$26,012,000) for the proposed acquisition of satellite and related assets.

The acquisition has not been completed as at the date of issuance of the consolidated financial statements.

21. INTERESTS IN ASSOCIATES

	2016 US$'000	2015 US$'000
Unlisted investments in associates	–	–

Details of the Group's associates as at 31 December 2016 and 2015 are as follows:

Name of associate	Country of registration and principal place of operation	Paid-up registered capital	Attributable equity interest held by the Group	Principal activity
北京富學傳媒文化有限公司	PRC	RMB3,000,000	30%	Inactive
北京德神傳動廣告有限責任公司	PRC	RMB500,000	30%	Inactive

	2016 US$'000	2015 US$'000
The unrecognised share of losses of associates for the year	1	4
Cumulative unrecognised share of losses of associates	51	50

22. INTERESTS IN A JOINT VENTURE

Pursuant to Note 11, on 19 July 2016, the Company transferred 51% of the equity interest in Global Vision to GMG. 49% of the equity interest retained in Global Vision was recognised as interests in a joint venture and is accounted for using the equity method from that date.

On 31 October 2016, the Company entered into a sale and purchase agreement with Chi Capital Holdings Limited, a Company controlled by Mr. Wong, a director, pursuant to which the Company has conditionally agreed to purchase 20% equity interest in Silkwave Holdings Limited at a consideration of US$240 million, of which US$50 million will be satisfied by the disposal of 49% equity interest in Global Vision. In view of this, the interest in a joint venture was reclassified as held for sale at 31 October 2016.

	2016	2015
	US$'000	US$'000
Unlisted investments in joint venture		
At 1 January	**–**	–
49% equity interest retained in Global Vision (Note 11)	**7,310**	–
Share of loss from 1 August 2016 to 31 October 2016	**(106)**	–
Reclassified as assets held for sale	**(7,204)**	–
At 31 December	**–**	–

23. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	US$'000	US$'000
Unlisted investment,		
At 1 January	**2,118**	–
Consideration paid	**–**	2,000
Change in fair value	**–**	118
Impairment loss recognised	**(2,118)**	–
At 31 December	**–**	2,118

23. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The Group entered into a joint venture agreement on 31 March 2015 to acquire 3% equity interest in Soaring Idea Holdings Limited ("Soaring") at the consideration of US$2,000,000 and an option to acquire an additional 47% equity interest in Soaring for a term of 5 years, maturing in 31 March 2020 for an additional cash consideration of US$3 million. The acquisition was completed on 25 May 2015. Since the option cannot be measured reliably after separation from the whole contract, the 3% equity interest and the option is accounted for as one contract and classified as financial asset at FVTPL.

During the current year, the management has evaluated the impairment of financial assets at FVTPL by way of objective evidences, including but not limited to the significant deficits and negative cash flow etc. Accordingly, the management of the Group recognized an impairment loss of US$2,118,000 for the year ended 31 December 2016.

The financial asset at fair value through profit or loss was valued by Peak Vision Appraisals Limited, an independent valuer not related to the Group, in the year 2015. The fair value was determined based on the income approach at the end of the year 2015. The change in fair value of US$118,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2015.

24. ASSETS CLASSIFIED AS HELD FOR SALE

Pursuant to Note 22, the investment in a joint venture was reclassified as held for sale at 31 October 2016.

Details of the joint venture classified as assets held for sale as at 31 December 2016 are as follows:

	2016 **US$'000**
Initial cost of unlisted investment in a joint venture (notes 11 and 22)	7,310
Share of loss from 1 August 2016 to 31 October 2016	(106)
Impairment loss recognised	(33)
	7,171

25. TRADE AND OTHER RECEIVABLES

	2016 US$'000	2015 US$'000
Trade receivables	**1,070**	1,187
Other receivables and deposits	**149**	1,146
Prepayments	**56**	162
Total trade and other receivables	**1,275**	2,495

The Group generally allows credit period between 60 to 120 days to its customers of CMMB business and trading business.

There are no trade receivables under CMMB business as at 31 December 2016 and 2015.

The trade receivables are due from two customers under trading business as at 31 December 2016 (2015: three).

The aging analysis of the trade receivables, presented based on invoice date, which approximated the respective revenue recognition dates, as at the end of the reporting period are as follows:

	2016 US$'000	2015 US$'000
0 – 30 days	**259**	356
31 – 60 days	**208**	448
61 – 90 days	**245**	41
Over 90 days	**358**	342
	1,070	1,187

The trade receivables that are neither past due nor impaired as at 31 December 2016 have no default payment history.

Aging of trade receivables which are past due but not impaired based on the past due date

	2016 US$'000	2015 US$'000
0 – 30 days	**289**	40
31 – 60 days	**302**	259
	591	299

The Group has not provided for receivables past due as all overdue amounts have been fully settled subsequent to the end of the reporting period.

26. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.001% to 0.3% (2015: 0.001% to 0.2%) per annum.

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

	2016	2015
	US$'000	US$'000
Hong Kong dollar	**3,695**	9,031
Renminbi	**2**	403

27. TRADE AND OTHER PAYABLES

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

	2016	2015
	US$'000	US$'000
0 – 90 days	**703**	780
91 – 180 days	**327**	16
	1,030	796
Accruals	**397**	740
Deposits received	**2,385**	–
Other payables	**16**	30
Total trade and other payables	**3,828**	1,566

The average credit period granted by the suppliers is 60 days.

Accruals included the following items:

Staff salaries	**99**	233
Audit fee	**145**	142
Legal and professional fee	**–**	190
Others	**153**	175
Total trade and other payables	**397**	740

28. AMOUNT DUE FROM A RELATED COMPANY

	2016 US$'000	2015 US$'000
Amount due from Chi Capital	**4,639**	1,331

For the years ended 31 December 2016 and 2015, the amount due from Chi Capital is non-interest bearing, unsecured and repayable within one year and thus classified as current liability. Chi Capital is controlled by Mr. Wong, an executive director.

29. CONVERTIBLE NOTES

On 22 July 2015, the Company issued United States dollar denominated convertible notes with a principal amount of US$38,000,000 ("2021 Convertible Notes") to Chi Capital as part of the consideration for the acquisition of Chi Vision. The maturity date of the 2021 Convertible Notes is 21 July 2021 ("2021 CN Maturity Date") which is 6 years from the date of issue of the 2021 Convertible Notes. The 2021 Convertible Notes are not interest bearing. The 2021 Convertible Notes are convertible into shares at any time after the issuance up to, but excluding, 5 business days prior to the 2021 CN Maturity Date at the conversion price of HK$0.1, subject to anti-dilutive adjustments.

The initial number of ordinary shares of the Company issuable upon conversion is 2,948,800,000 shares. During the year 2015, US$9,664,948 value of the 2021 Convertible Notes were converted into shares of the Company. As disclosed in note 30, the Company completed the rights issue on 18 April 2016. There are no adjustments on the number of conversion shares or conversion price of the 2021 Convertible Notes with a conversion price of HK$0.1 per share as pursuant to the terms and conditions of the 2021 Convertible Notes, its conversion price of HK$0.1 cannot be adjusted downwards to below HK$0.1 which is the par value of a share. As disclosed in note 30, the share consolidation become effective on 21 June 2016. Pursuant to terms and conditions of the 2021 Convertible Notes, the conversion price of and the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding 2021 Convertible Notes are adjusted to HK$1 and 219,880,000 shares, respectively.

On 22 July 2015, the Company issued United States dollar denominated convertible notes with a principal amount of US$5,300,000 ("LA Convertible Notes") to Chi Capital as part of the consideration for the acquisition of Chi Vision. The maturity date of the LA Convertible Notes is 21 July 2021 ("LACN Maturity Date") which is 6 years from the date of issue of the LA Convertible Notes. The LA Convertible Notes are not interest bearing. The LA Convertible Notes are convertible into shares at any time after the issuance up to, but excluding, 5 business days prior to the LACN Maturity Date at the conversion price of HK$0.473, subject to anti-dilutive adjustments.

29. CONVERTIBLE NOTES *(Continued)*

The initial number of ordinary shares of the Company issuable upon conversion is 86,951,374 shares. As disclosed in note 30, the Company completed the rights issue on 18 April 2016. Pursuant to terms and conditions of the LA Convertible Notes, the conversion price of and the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding LA Convertible Notes are adjusted to HK$0.461 and 89,214,750 shares, respectively. On 21 June 2016, the share consolidation become effective. Pursuant to terms and conditions of the LA Convertible Notes, the conversion price of and the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding LA Convertible Notes are adjusted to HK$4.61 and 8,921,475 shares, respectively.

The Hong Kong dollar equivalent of the principal amount of the 2021 Convertible Notes and LA Convertible Note being converted shall be calculated by using the fixed exchange rate of HK$7.76 per US$1.00.

The convertible notes contain two components, liability and equity components. The equity component is presented in equity under heading "convertible note reserve". The values of the liability component and the equity conversion component were determined at the issuance of the notes.

The movements of the liability component of the 2021 Convertible Notes and LA Convertible Notes for the year are set out below:

	2021 Convertible Notes	**LA Convertible Notes**	**Total**
	US$'000	US$'000	US$'000
Fair value on issue	19,588	2,732	22,320
Effective interest expenses at 11.68%	849	137	986
Conversion to shares	(4,684)	–	(4,684)
At 31 December 2015 and 1 January 2016	15,753	2,869	18,622
Effective interest expenses at 11.68%	1,755	335	2,090
At 31 December 2016	17,508	3,204	20,712

30. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each	Number of ordinary shares of HK$1 each	Number of ordinary shares of HK$0.01 each	Nominal value HK$'000	Shown as US$'000
Authorised:					
At 1 January 2015	5,000,000,000	–	–	500,000	
Addition	45,000,000,000	–	–	4,500,000	
At 31 December 2015	50,000,000,000	–	–	5,000,000	
Share consolidation (note v)	(50,000,000,000)	5,000,000,000	–	–	
Share-subdivision (note vi)	–	(5,000,000,000)	500,000,000,000	–	
At 31 December 2016	–	–	500,000,000,000	5,000,000	
Issued and fully paid:					
At 1 January 2015	3,770,498,890	–	–	377,050	48,652
Issue of new shares by placement (note i)	1,732,690,387	–	–	173,269	22,356
Issue of shares on partial conversion of 2021 Convertible Notes (note ii)	750,000,000	–	–	75,000	9,665
At 31 December 2015 and 1 January 2016	6,253,189,277	–	–	625,319	80,673
Issue of new shares (note iii)					
Rights issue	6,253,189,277	–	–	625,319	80,595
Bonus shares	6,253,189,277	–	–	625,319	80,595
Exercise of share options (note iv)	40,169	–	–	4	–
Share consolidation (note v)	(18,759,608,000)	1,875,960,800	–	–	–
Capital reduction (note vi-a)	–	(1,875,960,800)	1,875,960,800	(1,857,201)	(239,444)
At 31 December 2016	–	–	1,875,960,800	18,760	2,419

Notes:

(i) On 5 January 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 184,242,178 new shares for an aggregate consideration of approximately HK$48.82 million at the subscription price of HK$0.265 per subscription share. The subscription was completed on 12 January 2015. The proceeds were used to provide general working capital for the Company and the funding of the considerations for its investment and acquisitions.

On 29 June 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 730,615,382 new shares for an aggregate consideration of approximately HK$189.96 million at the subscription price of HK$0.260 per subscription share. The subscription was completed on 8 July 2015. The proceeds were used to provide general working capital for the Company and the funding of the considerations for its investments and acquisitions.

30. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(i) *(Continued)*

On 7 October 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 60,332,830 new shares for an aggregate consideration of approximately HK$7.24 million at the subscription price of HK$0.120 per subscription share. The subscription was completed on 14 October 2015. The proceeds were used to provide general working capital for the Company.

On 21 December 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 757,499,997 new shares for an aggregate consideration of approximately HK$90.90 million at the subscription price of HK$0.120 per subscription share. The subscription was completed on 30 December 2015. The proceeds were used to provide general working capital for the Company.

(ii) On 23 July 2015 and 30 July 2015, 300,000,000 and 450,000,000 conversion shares have been issued, respectively, pursuant to the conversion of 2021 Convertible Notes. (note 29).

(iii) The Company raised approximately HK$625.32 million before expenses by way of issue of 6,253,189,277 new shares pursuant to the Rights Issue on the basis of one Rights Share for every one share in issue on the record date at the subscription price of HK$0.1 per Rights Share. It is also proposed to allot and issue the Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue. All the resolutions approving the Rights Issue and the issue of Bonus Shares were duly passed at the extraordinary general meeting of the Company on 15 March 2016. On 18 April 2016, the Company issued 6,253,189,277 new shares pursuant to the Rights Issue and a total of 6,253,189,277 new shares have been issued pursuant to the Bonus Shares.

(iv) On 4 May 2016, 40,169 share options have been exercised (note 31).

(v) On 20 June 2016, an extraordinary general meeting of the Company was held and the resolutions of the share consolidation of the Company involving consolidation of the number of shares on the basis that every ten issued and unissued shares be consolidated into one consolidated share of HK$1.00 each were approved, with effect from 21 June 2016.

(vi) On 20 June 2016, an extraordinary general meeting of the Company was held and the resolutions of capital reduction of issued shares and sub-division of unissued shares which has become effective on 8 September 2016. The capital reduction of issued shares and sub-division of unissued shares involved the following:

(a) the par value of each of the issued consolidated shares be reduced from HK$1.00 to HK$0.01 by cancelling the paid up share capital to the extent of HK$0.99 on each of the issued consolidated shares by way of a reduction of capital, so as to form issued new shares with par value of HK$0.01 each;

(b) the credit arising from the capital reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the capital reduction, thereby reducing the accumulated losses of the Company. The balance of credit is transferred to "distributable reserve"; and

(c) immediately following the capital reduction, each of the then authorized but unissued consolidated shares with par value of HK$1.00 each be subdivided into 100 new shares with par value of HK$0.01 each;

These new shares rank pari passu with the existing shares in issue in all aspects.

31. 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.

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 for 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 grant of options is made but shall not end 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.

31. SHARE OPTION SCHEME *(Continued)*

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

2016

	Date of grant	Adjusted exercise price HK$ (Note ii)	Exercise period	Number of share options: Outstanding at 1.1.2016	Granted during the year	Adjustment (Note i)	Exercised during the year (Note 30)	Adjustment (Note ii)	Outstanding at 31.12.2016
Consultants	7 May 2014	1.11	7 May 2014 to 6 May 2017	**10,214,912**	**–**	**276,078**	**(40,169)**	**(9,405,739)**	**1,045,082**
Total consultants				**10,214,912**	**–**	**276,078**	**(40,169)**	**(9,405,739)**	**1,045,082**
Total				**10,214,912**	**–**	**276,078**	**(40,169)**	**(9,405,739)**	**1,045,082**
Exercisable at the end of the year				**10,214,912**					**1,045,082**
Weighted average exercise price (HK$)									**1.11**

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

2015

	Date of grant	Adjusted exercise price HK$	Exercise period	Number of share options: Outstanding at 1.1.2015	Granted during the year	Adjustment	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31.12.2015
Consultants	19 November 2012	0.432	19 November 2012 to 18 November 2015	**50,868,518**	**–**	**–**	**–**	**(50,868,518)**	**–**
	7 May 2014	0.114	7 May 2014 to 6 May 2017	**10,214,912**	**–**	**–**	**–**	**–**	**10,214,912**
Total consultants				**61,083,430**	**–**	**–**	**–**	**(50,868,518)**	**10,214,912**
Total				**61,083,430**	**–**	**–**	**–**	**(50,868,518)**	**10,214,912**
Exercisable at the end of the year				**61,083,430**					**10,214,912**
Weighted average exercise price (HK$)									**0.11**

(i) As a result of the rights issue completed on 18 April 2016, the exercise price per share and number of outstanding share options granted on 7 May 2014 were adjusted from HK$0.114 to HK$0.111 and from 10,214,912 to 10,490,990 respectively.

31. SHARE OPTION SCHEME *(Continued)*

(ii) As a result of the share consolidation which was effective on 20 June 2016, the exercise price per share and number of outstanding share options granted on 7 May 2014 were adjusted from HK$0.111 to HK$1.11 and from 10,450,821 to 1,045,082 respectively.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$1.11 (2015: nil).

At 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 1,045,082 (2015: 10,214,912), representing 0.06% (2015: 0.16%) of the shares of the Company in issue at the date.

The Share Option Scheme had expired on 4 July 2015. In view of the expiry of the Share Option Scheme, the Directors adopted a new share option scheme, the Share Option Scheme 2015, as a replacement of the Share Option Scheme, which was duly passed at the extraordinary general meeting of the Company held on 18 December 2015. Details of the Share Option Scheme 2015 are set out in the circular of the Company dated 2 December 2015.

32. MAJOR NON-CASH TRANSACTION

As set out in note 12, the Group had withholding taxes on foreign income for the years ended 31 December 2016 and 2015. The withholding taxes were settled by way of deduction from the gross invoice amount by the customer prior to remittance to the Group.

For the year ended 31 December 2015, the Group acquired 79% interest in Chi Vision at the consideration of US$77,480,000, in which US$32,958,000 was paid in prior years, US$1,222,000 was paid in current year and the remaining US$43,300,000 was satisfied by the issuance of convertible notes.

33. OPERATING LEASES

The Group as lessee

Lease payments paid under operating leases of an office and site premises for the operation of TV transmission antenna and related transmission equipment were US$530,000 (2015: US$484,000) and US$732,000 (2015: US$484,000), respectively.

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:

	2016	2015
	Office	Office
	US$'000	US$'000
Within one year	**241**	468
In the second to fifth years inclusive	**237**	619
	478	1,087

The lease agreement for site premises was signed by NYBB and the third party. The Company would reimburse the rental expenses to NYBB.

Operating lease payments solely represent leases payable by the Group for an office for daily operations. Lease terms are negotiated for a term ranging from one to three years (2015: one to three years) with fixed rentals.

34. COMMITMENTS

	2016 US$'000	2015 US$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
– refurbishment of office	–	81
– acquisition of 20% equity in Silkwave Holdings (Note i)	**148,558**	–

i) On 31 October 2016, the Group and Chi Capital entered into a sale and purchase agreement, pursuant to which the Group has conditionally agreed to purchase 20% equity interest in Silkwave Holdings, which through its wholly-owned subsidiary, indirectly holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, at a consideration of US$240 million.

35. RETIREMENT BENEFIT SCHEME

(a) Mandatory Provident Fund

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. Both the Group and the employee contribute a fixed percentage of the relevant payroll, subject to a maximum mandatory contribution of HK$1,500 (approximately US$194) effective from 1 June 2014 to the MPF Scheme.

(b) Social security and benefits for PRC employees

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$32,000 (2015: US$13,000) represents contributions payable to these schemes by the Group in respect of the current year. As at 31 December 2016 and 2015, no contributions due in respect of the reporting period had not been paid over to the scheme.

36. RELATED PARTY DISCLOSURES

In addition to those disclosed above for deposits paid for acquisition of assets with Chi Capital, those related party balances and convertible notes at the end of the reporting period which are set out in notes 20, 28 and 29 respectively, the Group had the following significant transaction with a related party during the year:

Name of related parties	Nature of transactions	2016 US$'000	2015 US$'000
Chi Capital	Rental paid	**24**	24

During the current year, the Group reimbursed NYBB of US$732,000 (2015: US$484,000) in relation to the rental expenses paid by NYBB on behalf of the Group for certain site premises.

Compensation of key management personnel

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

	2016 US$'000	2015 US$'000
Salaries and other benefits	**205**	175

The emoluments of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

(a) Particulars of the Company's principal subsidiaries as at 31 December 2016 and 2015 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 and voting power held by the Company				Principal activities
				Directly		Indirectly		
				2016	2015	**2016**	2015	
Global Flex Trading Center Limited	Samoa/Taiwan	Ordinary	*US$2,000,000	**100%**	100%	**–**	–	Trading business
Galactic 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
Newell Top Limited	British Virgin Islands	Ordinary	US$50,000	**–**	–	**100%**	100%	Trading business
CMMB International Limited	Hong Kong	Ordinary	HK$10,000	**–**	–	**65%**	65%	Holding of a licensing right
CMMB Vision USA	USA	Ordinary	US$10,000	**51%**	51%	**–**	–	Provision of transmission and broadcasting of TV programs
Chi Vision	USA	Ordinary	US$20	**79%**	79%	**–**	–	Provision of transmission and broadcasting of TV programs

* The registered capital has not been paid up as at 31 December 2016 and 2015.

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

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

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of the non-wholly owned subsidiary of the Company that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	**2016**	2015	**2016**	2015
				US$'000	US$'000	**US$'000**	US$'000
CMMB Vision USA	USA	**49%**	49%	**271**	61	**11,210**	10,939
Chi Vision	USA	**21%**	21%	**260**	(387)	**17,495**	17,235
Individually immaterial subsidiaries with non-controlling interests				**–**	–	**(350)**	(350)
				531	(326)	**28,355**	27,824

Summarised financial information in respect of the Group's subsidiaries that has a material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

CMMB Vision USA

	2016	2015
	US$'000	US$'000
Current assets	**3,135**	2,827
Non-current assets	**34,865**	34,865
Current liabilities	**(13,448)**	(13,693)
Equity attributable to owners of the Company	**13,342**	13,060
Non-controlling interests	**11,210**	10,939

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

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

CMMB Vision USA (Continued)

	2016 US$'000	2015 US$'000
Revenue	**996**	590
Expenses	**(443)**	(466)
Profit for the year	**553**	124
Profit and total comprehensive income attributable to owners of the Company	**282**	63
Profit and total comprehensive income attributable to non-controlling interests	**271**	61
Profit and total comprehensive income for the year	**553**	124
Net cash inflow from operating activities	**497**	89
Net cash outflow from investing activities	**–**	–
Net cash outflow from financing activities	**(498)**	(94)
Net cash outflow	**(1)**	(5)

Chi Vision

	2016 US$'000	2015 US$'000
Current assets	**1,575**	9
Non-current assets	**82,852**	82,847
Current liabilities	**(1,114)**	(784)
Equity attributable to owners of the Company	**65,818**	64,837
Non-controlling interests	**17,495**	17,235

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

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Chi Vision *(Continued)*

	2016 US$'000	2015 US$'000
Revenue	**1,739**	22
Expenses	**(498)**	(1,864)
Profit/(loss) for the year	**1,241**	(1,842)
Profit/(loss) and total comprehensive income/(expense) attributable to owners of the Company	**981**	(1,455)
Profit/(loss) and total comprehensive income/(expense) attributable to non-controlling interests	**260**	(387)
Profit/(loss) and total comprehensive income/(expense) for the year	**1,241**	(1,842)

There were no cash transactions during the years ended 31 December 2016 and 2015.

38. CONTINGENT LIABILITIES

As at 31 December 2016, the Group has provided a guarantee to a third party in aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by a subsidiary of the Group's equity investment (2015: US$1,551,000) with its outstanding balance of US$1,203,000 (2015: US$1,551,000).

39. EVENT AFTER THE REPORTING PERIOD

As disclosed in notes 20, 22 and 34, on 31 October 2016, the Company entered into a sale and purchase agreement with Chi Capital, pursuant to which the Company has conditionally agreed to purchase 20% equity interest in Silkwave Holdings, which through its wholly-owned subsidiary, indirectly holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, at a consideration of US$240 million.

Details of this transaction have been set out in the Company's circular dated 31 March 2017. The acquisition has not been completed as at the date of issuance of the consolidated financial statements.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2016 US$'000	2015 US$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**248**	210
Investments in subsidiaries	**83,691**	85,701
Deposits for the acquisition of assets	**88,442**	23,012
Amounts due from subsidiaries	**7,220**	4,983
Financial asset at fair value through profit or loss	**–**	2,118
	179,601	116,024
CURRENT ASSET		
Amount due from a related company	**4,901**	1,440
Other receivables, deposits and prepayment	**172**	1,024
Bank balances and cash	**5,381**	9,042
	10,454	11,506
CURRENT LIABILITIES		
Other payables	**2,771**	609
NET CURRENT ASSETS	**7,683**	10,897
TOTAL ASSETS LESS CURRENT LIABILITIES	**187,284**	126,921
NON-CURRENT LIABILITIES		
Amounts due to subsidiaries	**3,053**	1,488
Convertible notes	**20,712**	18,623
	23,765	20,111
	163,519	106,810
CAPITAL AND RESERVES		
Share capital	**2,419**	80,673
Reserves	**161,100**	26,137
TOTAL EQUITY	**163,519**	106,810

The statement of financial position were approved by the Board of Directors on 31 March 2017 and is signed on its behalf by:

DIRECTOR *DIRECTOR*

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	Share Premium US$'000	Merger reserve US$'000	Distributable reserve US$'000	Share option reserve US$'000	Capital reserve US$'000	Convertible note reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2015	60,023	31,987	18,464	1,744	2,105	—	(117,355)	(3,032)
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	–	(7,947)	(7,947)
Lapse of share options	–	–	–	(1,677)	–	–	1,677	–
Recognition of equity component of convertible notes	–	–	–	–	–	20,980	–	20,980
Issue of shares								
– placement	21,117	–	–	–	–	–	–	21,117
– conversion of convertible notes	–	–	–	–	–	(4,981)	–	(4,981)
At 31 December 2015	81,140	31,987	18,464	67	2,105	15,999	(123,625)	26,137
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	–	(23,538)	(23,538)
Issue of shares								
– bonus issue	(80,595)	–	–	–	–	–	–	(80,595)
– exercise of option	2	–	–	(2)	–	–	–	–
Transaction costs related to issue of shares	(348)	–	–	–	–	–	–	(348)
Capital reduction	–	–	111,293	–	–	–	128,151	239,444
At 31 December 2016	199	31,987	129,757	65	2,105	15,999	(19,012)	161,100

Five-Year Financial Summary

RESULTS

	Year ended 31 December				
	2012	2013	2014	2015	**2016**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Revenue	266	714	5,810	8,669	**6,089**
Loss for the year	(10,615)	(293)	(2,206)	(21,731)	**(16,796)**

ASSETS AND LIABILITIES

	As at 31 December				
	2012	2013	2014	2015	**2016**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Total assets	26,185	37,187	73,754	149,708	**217,483**
Total liabilities	(11,248)	(9,694)	(9,261)	(20,223)	**(24,575)**
Non-controlling interests	(11,262)	(10,756)	(10,527)	(27,824)	**(28,355)**
Equity attributable to owners of the Company	3,675	16,737	53,966	101,661	**164,553**

Note: The results for four years ended 31 December 2015, and the assets and liabilities as at 31 December 2012, 2013, 2014 and 2015 have been extracted from the Company's respective years' annual reports.