CMMB VISION HOLDINGS LIMITED
中國移動多媒體廣播控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 471)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "Board") of directors of CMMB Vision Holdings Limited (the "Company") presents the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018 (the "Period") together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	NOTES	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**2,828**	3,632
Cost of sales		**(1,836)**	(2,520)
Gross profit		**992**	1,112
Interest income		**1**	–
Administrative expenses		**(1,054)**	(969)
Market development and promotion expenses		**(2,215)**	(1,986)
Other expenses		**(404)**	(311)
Finance costs	*4*	**(1,101)**	(1,123)
Share of results of an associate		**(490)**	–
Gain on disposal of assets classified as held for sale	*5*	**42,829**	–
Gain on redemption of convertible notes		**1,934**	–
Profit (loss) before tax		**40,492**	(3,277)
Income tax expense	*6*	**–**	–
Profit (loss) for the period	*7*	**40,492**	(3,277)
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**114**	193
Total comprehensive income (expense) for the period		**40,606**	(3,084)

		Six months ended 30 June	
		2018	2017
	NOTES	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to:			
– Owners of the Company		**40,455**	(3,532)
– Non-controlling interests		**37**	255
Profit (loss) for the period		**40,492**	(3,277)
Total comprehensive income (expense) attributable to:			
– Owners of the Company		**40,569**	(3,339)
– Non-controlling interests		**37**	255
Total comprehensive income (expense) for the period		**40,606**	(3,084)
		US cents	*US cents*
Earnings (loss) per share	*8*		
– Basic		**1.67**	(0.19)
–Diluted		**1.35**	(0.19)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	30 June 2018 US$'000 (unaudited)	31 December 2017 US$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**591**	698
Intangible assets		**106,588**	106,588
Deposits for acquisitions of assets		**–**	94,000
Interest in an associate	*9*	**239,510**	–
		346,689	201,286
CURRENT ASSETS			
Trade and other receivables	*10*	**863**	3,780
Amounts due from related companies		**8,210**	7,127
Bank balances and cash		**2,279**	1,181
		11,352	12,088
Assets classified as held for sale		**–**	7,171
		11,352	19,259
CURRENT LIABILITIES			
Trade and other payables	*11*	**4,615**	3,534
Tax payable		**222**	222
		4,837	3,756
NET CURRENT ASSETS		**6,515**	15,503
TOTAL ASSETS LESS CURRENT LIABILITIES		**353,204**	216,789

	NOTES	30 June 2018 US$'000 (unaudited)	31 December 2017 US$'000 (audited)
NON-CURRENT LIABILITIES			
Convertible notes	*12*	**53,717**	16,145
NET ASSETS		**299,487**	200,644
CAPITAL AND RESERVES			
Share capital	*13*	**3,380**	2,900
Share premium and reserves		**267,536**	169,210
Equity attributable to owners of the Company		**270,916**	172,110
Non-controlling interests		**28,571**	28,534
TOTAL EQUITY		**299,487**	200,644

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017 ("2017 Annual Report").

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standard ("HKFRSs") issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

3. REVENUE AND SEGMENT INFORMATION

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

1. CMMB business – Transmitting and broadcasting television ("TV") programs.

2. Trading business – Trading printed circuit board ("PCB") materials.

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

Six months ended 30 June 2018

	CMMB business *US$'000* (unaudited)	**Trading business** *US$'000* (unaudited)	**Total** *US$'000* (unaudited)
Segment revenue	**1,809**	**1,019**	**2,828**
Segment profit (loss)	**218**	**(2)**	**216**
Market development and promotion expenses	**(2,215)**	**–**	**(2,215)**
Gain on disposal of assets classified as held for sale	**42,829**	**–**	**42,829**
Interest income			**1**
Unallocated expenses			**(339)**
Profit for the period			**40,492**

Six months ended 30 June 2017

	CMMB business *US$'000* (unaudited)	Trading business *US$'000* (unaudited)	Total *US$'000* (unaudited)
Segment revenue	1,625	2,007	3,632
Segment loss	(202)	(88)	(290)
Market development and promotion expenses	(1,986)	–	(1,986)
Unallocated expenses			(1,001)
Loss for the period			(3,277)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) from each segment without allocation of interest income, market development and promotion expenses, gain on disposal of assets classified as held for sale and central administration expenses. This is the measure reported to the executive directors for the purpose of resources allocation and performance assessment.

Revenue from major products and services

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

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Transmission and broadcasting of television programs	**1,809**	1,625
Trading of PCB Materials	**1,019**	2,007
	2,828	3,632

4. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Effective interest expense on convertible notes	**1,099**	1,122
Bank interest expense	**2**	1
	1,101	1,123

5. ACQUISITION OF INTEREST IN AN ASSOCIATE AND DISPOSAL OF ASSETS CLASSIFIED AS HELD FOR SALE

On 31 October 2016, the Company entered into a sales and purchase agreement with Chi Capital Holdings Ltd ("Chi Capital"), for the acquisition of 20% equity interest in Silkwave Asia Limited ("Acquisition"), a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of Silkwave Holdings Limited and a call option to acquire additional 31% equity interest in Silkwave Asia Limited ("Call Option"). The consideration for the Acquisition was US$240 million, which was satisfied by (i) cash payment of US$94 million; (ii) issuance of convertible notes maturing on 28 May 2025 at the initial conversion price of HK$0.4 with a principal amount of US$96 million and (iii) equity contribution of US$50 million, being the disposal and transfer of the Company's 49% equity interest in Global Vision Media Technology Co. Ltd. ("Global Vision") into Silkwave Asia Limited (the "Disposal"). The Acquisition and the Disposal were completed on 29 May 2018.

Silkwave Asia Limited is the only direct subsidiary of Silkwave Holdings Limited which ultimately 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. The purpose of the Acquisition and the Disposal are to combine the valuable assets of Silkwave Asia Limited with the Company's resources, such as its CMMB multimedia technologies, Chinese satellite broadcasting service platform, and recent breakthrough developments to create a full-fledged Silkwave platform, which now has the necessary operating capabilities to start deploying mobile multimedia entertainment and data services capable of supporting billions of vehicles and mobile users across China and, eventually, One-Belt-One-Road Asia, and to maintain the Company's position as a key shareholder of Silkwave Asia Limited.

Silkwave Holdings Limited is an investment holding company and owns 100% equity interest in Silkwave Asia Limited before the completion of the Acquisition and has no other business operation.

The Call Option represents the option for the Company to acquire additional equity interest in Silkwave Asia Limited from Chi Capital within the next 7 years after the completion, to an equity of up to 51%. The exercise price of the Call Option of US$500 million is determined assuming that there is no early exercise of the Call Option and it can only become effective provided that Silkwave Asia Limited will generate EBITDA of US$200 million based on the audited report in any given year in the seven-year period of the Call Option.

As at the date of completion of the Acquisition, all of the conditions precedent to the sale and purchase agreement have been satisfied except for condition (iv) the relevant broadcasting licences and uplink permit or equivalent approval issued by the relevant Authority in China has not yet obtained. To avoid disruption of the business plan, the Company has waived the above condition precedent (iv). As at the date of this report, the relevant broadcasting licenses, permits and/or approvals have not yet obtained. The Company has not encountered any significant difficulties or legal or regulatory impediments in obtaining the required licenses, permits and/or approvals.

Consideration transferred:

	US$'000
	(unaudited)
Deposits paid for acquisition in prior years	94,000
Convertible notes issued	96,000
Fair value of 49% equity interest in Global Vision, being transferred to Silkwave Asia Limited	50,000
	240,000
Less: 31% Call Option granted to the Company	–
Total consideration for 20% equity interest in Silkwave Asia Limited	240,000

Gain on disposal of assets classified as held for sale:

	US$'000 (unaudited)
Fair value of 49% equity interest in Global Vision	50,000
Less: Assets classified as held for sale	(7,171)
Gain on disposal of assets classified as held for sale, included in profit or loss for the period	42,829

Acquisition-related costs amounting to approximately US$197,000 have been excluded from the cost of acquisition and have been recognized as administrative expenses and other expenses in the consolidated statement of profit or loss and other comprehensive income in the year ended 31 December 2016 and 2017.

6. TAXATION

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

Taxation arising in the United States of America ("USA") is charged at 38% for both periods. 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 for set off against the assessable profit for both periods.

Under the law of the People's Republic of China (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% for both periods. No provision for PRC income tax has been made in the condensed consolidated financial statements as all of the PRC subsidiaries did not have taxable income for both periods.

7. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Staff costs, including Directors' remuneration and retirement benefits scheme contributions	**668**	700
Depreciation of property, plant and equipment	**115**	68
Included in other expenses:		
Legal and professional fees	**50**	208
Exchange loss	**198**	55
Consultancy service fees	**20**	613
Research and development costs	**–**	750

8. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Profit (loss)		
Profit (loss) for the period attributable to the owners of the Company for the purposes of basic earnings (loss) per share	**40,455**	(3,532)
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**1,099**	N/A
– Gain on redemption of convertible notes	**(1,934)**	N/A
Profit (loss) for the period attributable to the owners of the Company for the purposes of diluted earnings (loss) per share	**39,620**	(3,532)

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Number of shares		
Number of ordinary shares for the purposes of basic earnings (loss) per share	**2,416,856,656**	1,875,960,800
Effect of dilutive potential ordinary shares:		
– Convertible notes	**521,991,591**	N/A
Number of ordinary shares for the purposes of diluted earnings (loss) per share	**2,938,848,247**	1,875,960,800

Adjustment has been made to the basic earnings per share amount for the six months ended 30 June 2018 in respect of a dilution because the diluted earnings per share amount is decreased when taking convertible notes into account, so the convertible notes have a dilutive effect. The computation of diluted loss per share for six months ended 30 June 2017 has not assumed the conversion of the convertible notes of the Company as the assumed convertible notes would result in a decrease in loss per share.

9. INTEREST IN AN ASSOCIATE

	30 June	31 December
	2018	2017
	(unaudited)	(audited)
	US$'000	US$'000
Unlisted investment in an associate *(Note 5)*	**240,000**	–
Share of result of an associate	**(490)**	–
	239,510	–

Details of the Group's associate as at 30 June 2018 is as follows:

Name of associate	Country of registration and principal of operation	Paid up registration capital	Attributable equity interest held by the Group	Principal activity
Silkwave Asia Limited	Cayman Islands/Hong Kong	US$10,000	20%	Investment holding

10. TRADE AND OTHER RECEIVABLES

The Group generally allows for credit periods between 60 to 120 days to its customers of the CMMB Business and the Trading Business. As at 30 June 2018, the trade receivables were due from a customer under the Trading Business (31 December 2017: one) and two customers under the CMMB business (31 December 2017: two).

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

	30 June 2018	31 December 2017
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade receivables:		
0 – 30 days	**639**	508
31 – 60 days	**141**	702
61 – 90 days	**–**	504
Over 90 days	**–**	204
	780	1,918
Other receivables and deposits	**71**	1,838
Prepayments	**12**	24
	863	3,780

11. TRADE AND OTHER PAYABLES

The average credit period granted by suppliers is 60 days.

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

	30 June 2018	31 December 2017
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade payables:		
0 – 90 days	**809**	1,237
91 – 180 days	**139**	–
	948	1,237
Accruals	**437**	721
Provisions for financial guarantee liability	**–**	1,499
Other payables	**3,230**	77
	4,615	3,534

12. CONVERTIBLE NOTES

As stated in note 5, on 29 May 2018, the Company issued US dollar denominated convertible notes with a principal amount of US$96,000,000 ("2025 Convertible Notes") to Chi Capital as part of the consideration for the acquisition of 20% equity interest in Silkwave Asia Limited. The maturity date of the 2025 Convertible Notes is 28 May 2025 ("2025 CN Maturity Date"), which is 7 years from the date of issue of the 2025 Convertible Notes. The 2025 Convertible Notes are non-interest bearing and mature on the 2025 CN Maturity Date at the principal amount. The 2025 Convertible Notes are convertible into shares at any time after the issuance up to, but excluding, 5 business days prior to the 2025 CN Maturity Date at the conversion price of HK$0.4 each, subject to anti-dilutive adjustments. The initial number of ordinary shares of the Company issuable upon conversion is 1,862,400,000 shares, which represents 41.5% of the total number of ordinary shares of the Company issued and outstanding as of the issue date of the 2025 Convertible Notes on a fully diluted basis.

The Convertible Notes due 2025 contain debt and equity components. The equity component is classified as equity instruments as it will be settled by an exchange of a fixed amount of cash for a mixed number of the Company's own equity instruments on the basis that the Convertible Note due 2025 are denominated in US dollar, a functional currency of the Company. The Hong Kong dollar equivalent of the principal amount of the 2025 Convertible Notes being converted shall be calculated by using the fixed exchange rate of HK$7.76 per US$1.00.

On initial recognition, the debt component was recognized at fair value, calculated based on the present value of the principal amount over the expected life of the 2025 Convertible Note. In subsequent periods, the debt component was carried at amortized cost using the effective interest method. The effective interest rate of the debt component is 11.41% per annum. The residual amount is assigned as the equity component and is included in the convertible note equity reserve which will not be subsequently remeasured.

In the current interim period, the Company has partially redeemed the 2021 Convertible Notes with a principal amount of US$10,893,000 at the redemption amount of US$10,893,000.

The movement of the liability component of the 2021 Convertible Notes and 2025 Convertible Notes for the six months ended 30 June 2018 are as follows:

	2021 Convertible Notes	**2025 Convertible Note**	**Total**
	US$'000	*US$'000*	*US$'000*
At 31 December 2017 (Audited)	16,145	–	16,145
Issued on acquisition	–	44,137	44,137
Effective interest expenses	657	442	1,099
Redemption during the period	(7,664)	–	(7,664)
At 30 June 2018 (Unaudited)	9,138	44,579	53,717

13. SHARE CAPITAL

On 3 April 2018, the Company has entered into subscription agreements with subscribers for the aggregation subscription of 375,000,000 new shares for an aggregate consideration of HK$90,000,000 (approximately US$11,537,000) at the subscription price of HK$0.24 per subscription share. The subscription was completed on 12 April 2018. The proceeds were used to provide general working capital for the Company.

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

14. CAPITAL COMMITMENTS

	30 June 2018	31 December 2017
	US$'000	*US$'000*
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of 20% equity in Silkwave Asia Limited	**–**	146,000
	–	146,000

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The board ("Board") of directors ("Directors") of the Company does not recommend to declare any interim dividend to the shareholders of the Company for the six months ended 30 June 2018 ("Period").

REVIEW OF OPERATIONS/BUSINESS

The principal activity of CMMB Vision Holdings Limited (the "Company" or "CMMB Vision") is investment holding whilst its subsidiaries (together with the Company referred to as the "Group") are mainly engaged in provision of mobile multimedia and data services and trading of printed circuit board ("PCB") components.

After restructuring and reorganization from previous manufacturing and assembly of PCBs in 2011, the Company started a long journey of transformation into the provision of mobile multimedia services targeting vehicles and mobile users based on the Company's proprietary Converged Mobile Multimedia Broadcasting ("CMMB") technology. Today, the Company is well on its way to be the leading next-generation mobile multimedia service provider in China with the necessary infrastructure, ecosystem and market support.

The Group owns 12 UHF spectrum television ("TV") stations in top cities in the United States of America ("US"), including New York, Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa. The portfolio gives the Company a unique wireless spectrum network to deliver free-to-air digital media programming to a much larger audience. It also allowed the Company to hone its next-generation mobile broadcasting technology platform. Today the technology platform has evolved into a suite of technology protocols and applications under the banner Next-Generation Broadcasting – Wireless/Satellite ("NGB-W/S"). Such technology can integrate satellite, broadcasting and LTE delivery capabilities for the delivery of Cloud-based multimedia and data services in the most efficient and scalable manner.

The Company acquired an effective management stake in Silkwave Asia Limited, a wholly-owned subsidiary of Silkwave Holdings Limited and integrated our technology with satellite infrastructure, which together gave rise to a powerful satellite-LTE converged mobile delivery platform capable of unlimited data-free digital content download from a satellite over a vast geography complemented with the interactivity of terrestrial LTE. Such a platform gives the Company the unparalled capability to provide connected-car multimedia and data services in the world's largest vehicle market – China.

The Group proceeded to develop the mobile content server “TM-Box” solution, which is embedded in vehicles and capable of receiving digital content interchangeably from satellite and LTE and re-transmitting content to in-car mobile devices via WiFi.

Completing the end-to-end technology, the Group has developed a multimedia service user-interface app “XingYun”, which when downloaded by consumers onto their devices can interact with TM-Box to receive diverse multimedia services including TV broadcasts, radio, on-demand videos. Internet downloads, precision navigation, telematics, software updates, and other connected-car value-added services. Such services will be free of roaming and data charges for use anytime anywhere.

The Group has also developed a China-US research platform with top research universities to ensure continuous technology development and to stay ahead of future competition. The R&D platform consists of: 1) a CMMB Vision – UW Joint Research Center on Satellite Multimedia and Connected Vehicles with the University of Washington Department of Electrical Engineering in Seattle, US, and 2) a Joint-Laboratory with the University of Electronic Science & Technology and Telematics Industry Applications Alliance (“TIAA”) in China dedicated to satellite-LTE integrated multimedia services.

To display its product and service readiness, the Group hosted and participated in several exhibitions, including the 25th Annual China Content Broadcasting Network Exhibition held in Beijing and the New-Generation Satellite Mobile Multimedia Theme Day of the 36th National Conference on Telematics and Vehicle Digital Multimedia held in Sanya, Hainan. These events highlighted the extensive recognition and support from both the government and the industry support on the Group’s satellite connected-car multimedia development.

Pulling all the development and work-in-progress together, the Company has conducted a successful and comprehensive technical trial, which was participated by 400 concept-cars from 20 automotive original equipment manufacturer (“OEM”) partners, accumulated over 1 million km and 80,000 hours in road tests held across 16 cities and 14 provinces, and helped validate our technologies, certify our network readiness, and prepared us for a soft commercial service launch later this year.

FINANCIAL REVIEW

The Group recorded profit for the Period of US$40,492,000 (six month ended 30 June 2017: loss for the period of US$3,277,000), and Profit per share was US1.67 cents (six months ended 30 June 2017: loss per share was US0.19 cents). As at 30 June 2018, the net assets per share attributable to owners of the Company was US10.3 cents (31 December 2017: US7.6 cents).

For the Period, the Group is engaged in the provision of transmitting and broadcasting television programs and trading PCB materials with revenue of US$2,828,000 (six months ended 30 June 2017: US$3,632,000). The decrease in revenue of US$804,000 or 22.1% was mainly due to the decrease in trading of PCB materials by US$988,000 and increase in TV rental income of US$184,000.

Cost of sales mainly includes costs of goods sold, staff costs and operating lease payments. The decrease in cost of sales of US$684,000 or 27.1% was due to the decrease in costs of sales of US$992,000 and decrease in operating lease payments of US$74,000 for the Period.

Gross profit decreased from US$1,112,000 in corresponding period in 2017 to US$992,000 in 2018, a decreased of 10.8 %, which was arisen from the decrease in TV rental income with lower gross profit margin than trading of PCB materials.

Administrative expenses for the Period increased by 8.8% to US$1,054,000, as compared to the same Period in 2017 of US$969,000 which is mainly due to the increase in depreciation and general administrative expenses.

Market development and promotion expenses increased by 11.5% to US$2,215,000 (six months ended 30 June 2017: US$1,986,000), which is primarily due to increase in business development expense, travelling expenses for attending business conferences and meetings, and research and development costs.

Other expenses for the six months ended 30 June 2018 amounted to US$404,000 (six months ended 30 June 2017: US$311,000) and included 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 Period amounted to US$1,101,000 (six months ended 30 June 2017: US$1,123,000) which mainly represented effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the six months ended 30 June 2018.

The 2021 Convertible Notes in the principal amount of US$10,893,000 were redeemed at US$10,893,000 during the Period and accordingly, a gain on redemption of the convertible notes of US$1,934,000 (six months ended 30 June 2017: nil) was recorded.

There was no impairment loss recognized on intangible assets for both periods as management of the Group determined that their recoverable amount were higher than their carrying amounts of the cash generating units arising from intangible assets.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity attributable to the owners of the Company increased to US$270,916,000 as at 30 June 2018 as compared with US$172,110,000 as at 31 December 2017, mainly due to the recognition of equity component of convertible notes of US$51,863,000 and the profit for the Period of US$40,492,000. Current assets amounted to US$11,352,000 (31 December 2017: US$19,259,000) is comprised of bank balances and cash of US$2,279,000 (31 December 2017: US$1,181,000), trade and other receivables of US$863,000 (31 December 2017: US$3,780,000) and amounts due from related companies of US$8,210,000 (31 December 2017: US$7,127,000). Current liabilities amounted to US$4,837,000 (31 December 2017: US$3,756,000), which represented trade and other payables of US$4,615,000 (31 December 2017: US$3,534,000) and tax payable of US$222,000 (31 December 2017: US$222,000). As at 30 June 2018, the Group's current ratio was 2.3 (31 December 2017: 5.1).

On 3 April 2018, the Company entered into subscription agreements with subscribers for the aggregate subscription of 375,000,000 new shares of the Company for an aggregate consideration of HK$90,000,000 (equivalent to approximately US$11,537,000) at a subscription price of HK$0.24 per subscription share. The subscription was completed on 12 April 2018. The proceeds from the shares issued will be applied mainly for the development of the satellite business and financing the Group's working capital.

INDEBTEDNESS

Convertible notes of the Group as at 30 June 2018 amounted to US$53,717,000 (31 December 2017: US$16,145,000). The gearing ratio (a ratio of total loans to total assets) was 15% (31 December 2017: 7.3%), reflecting that the Group's financial position was still at a sound level. Other than the convertible notes, the Group did not have any bank borrowings as at 30 June 2018 (31 December 2017: nil).

As at 31 December 2017, the Group 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 which has been settled during the Period. There was no contingent liabilities of the Group and the Company as at 30 June 2018.

CHARGE ON ASSETS

As at 30 June 2018, neither the Group nor the Company pledges any properties and assets (31 December 2017: nil).

OFF-BALANCE SHEET TRANSACTIONS

As at 30 June 2018, the Group did not enter into any material off-balance sheet transactions.

FOREIGN EXCHANGE EXPOSURE

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

SEGMENT INFORMATION

Details of segment information of the Group for the Period are set out in note 3 to the condensed consolidated financial statements.

EMPLOYEE BENEFITS

The average number of employees of the Group for the Period was approximately 30 (six months ended 30 June 2017: 30). The Group's staff costs (including Directors' fees and emoluments) for the Period amounted to US$668,000 (six months ended 30 June 2017: US$700,000). The Group offers a competitive remuneration package to retain elite employees, including salaries, medical insurance, discretionary bonuses, other fringe benefits as well as mandatory provident fund scheme for employees in Hong Kong. The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice.

The Group has also adopted a share option scheme for the purposes of providing incentives and rewards to eligible participants to recognise their contribution to the Group and enhancing their ownership spirits. During the Period, the Company has not granted any share options to Directors, employees and consultants of the Group under the share option scheme of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

During the Period, the Group did not have any material acquisition or disposals of subsidiaries or associates other than those announced on website of the Stock Exchange of Hong Kong Limited.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events occurred after the end of the reporting period.

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 Asia Limited, a wholly-owned subsidiary of Silkwave Holdings Limited, 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; our partnership with TIAA has enabled us to render the NGB-W/S network as the core national connected- cars data delivery network; and our TM-Box solution as an auto industry standard for in-car multimedia to be installed in future Chinese cars by OEMs.

Our operating model is to provide the TM-Box reference design to OEMs and connected device makers, who in turn will develop their own brand of TM-Box application to be installed into pre-factory vehicles to serve as the 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 our 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.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Period, the Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the Period and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

CODE ON CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

During the Period, the Company has fully complied with the requirements under the CG Code, except for the deviation from Code Provision A.2.1 of the CG Code. The Company had been deviated from the Code Provision A.2.1 of CG Code, as the roles of chairman and chief executive officer of the Company were not separate. With effect on 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been re-designated as the chairman of the Company and Mr. Wong also remains as the chief executive officer of the Company. According to the Code Provision A.2.1 of the CG Code, the roles of a chairman and a chief executive officer should be separate and should not be performed by the same individual. Given Mr. Wong has had extensive experience in the business of the Group and has performed satisfactorily since his joining of the Company in the year 2007, particularly in soliciting for possible new business opportunities and deducing the overall strategic plan for the future development of the Company, the Board considers that it would benefit the Group if Mr. Wong is also in charge of overseeing the Company's operations as its chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

AUDIT COMMITTEE

The Audit Committee (the "Audit Committee") has adopted new written terms in order to comply with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls. The Audit Committee comprises Mr. Li Shan and Dr. Li Jun, being independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Mr. Li Shan is the chairman of the Audit Committee.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed, with the management, the accounting principles and policies, internal controls and financial reporting adopted by the Group, and the unaudited condensed consolidated financial statements for the Period. Members of the Audit Committee agreed with the accounting treatments adopted in the preparation of the condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the Period were approved by the Board on 22 August 2018.

PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2018 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com). The interim report for the six months ended 30 June 2018 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 22 August 2018

As at the date of announcement, the Board comprises two executive Directors, namely Mr. WONG Chau Chi and Dr. LIU Hui; two non-executive Directors, namely Mr. CHOU Tsan-Hsiung and Mr. YANG Yi; and three independent non-executive Directors, namely Mr. WANG Wei-Lin, Mr. LI Shan and Dr. LI Jun.