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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

HIGHLIGHTS

	Six months ended 30 June			
	2020 US$'000 (unaudited)	2019 US$'000 (unaudited)	Change US$'000	Change %
Revenue	**3,026**	3,317	(291)	-8.8%
Gross profit	**1,386**	1,242	144	11.6%
Loss from operations	**(2,587)**	(3,925)	1,338	34.1%
Share of results of an associate	**(6,578)**	(4,689)	(1,889)	-40.3%
Impairment loss recognized on intangible assets	**(7,000)**	-	(7,000)	-100.0%
Gain on redemption of convertible notes	**-**	1,639	(1,639)	-100.0%
Loss for the period	**(16,165)**	(6,975)	(9,190)	-131.8%

	30 June 2020 US$'000 (unaudited)	31 December 2019 US$'000 (audited)	Change US$'000	Change %
Total assets	**299,030**	316,063	(17,033)	-5.4%
Total liabilities	**61,889**	65,496	(3,607)	-5.5%
Net assets	**237,141**	250,567	(13,426)	-5.4%

The Board did not declare the distribution of an interim dividend for the six months ended 30 June 2020.

The board of directors (the "**Board**") of CMMB Vision Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as to the "**Group**") for the six months ended 30 June 2020 (the "**Period**"), together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June 2020 US$'000 (unaudited)	2019 US$'000 (unaudited)
Revenue	4	**3,026**	3,317
Cost of sales		**(1,640)**	(2,075)
Gross profit		**1,386**	1,242
Other income	5	**480**	1
Administrative expenses		**(740)**	(1,080)
Market development and promotion expenses		**(674)**	(1,028)
Finance costs	6	**(2,722)**	(2,798)
Other expenses		**(81)**	(193)
Share of results of an associate		**(6,578)**	(4,689)
Impairment loss recognised on intangible assets		**(7,000)**	–
Gain on redemption of convertible notes		**–**	1,639
Loss before tax		**(15,929)**	(6,906)
Income tax expense	7	**(236)**	(69)
Loss for the period	8	**(16,165)**	(6,975)
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(406)**	170
Total comprehensive expense for the period		**(16,571)**	(6,805)
Loss for the period attributable to:			
– Owners of the Company		**(14,864)**	(7,033)
– Non-controlling interests		**(1,301)**	58
Loss for the period		**(16,165)**	(6,975)
Total comprehensive expense attributable to:			
– Owners of the Company		**(15,270)**	(6,863)
– Non-controlling interests		**(1,301)**	58
Total comprehensive expense for the period		**(16,571)**	(6,805)
		US cents (unaudited)	US cents (unaudited) (restated)
Loss per share	9		
– Basic		**(7.00)**	(4.47)
– Diluted		**(7.00)**	(5.34)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2020

	NOTES	**30 June 2020 US$'000 (unaudited)**	31 December 2019 US$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**278**	367
Intangible assets	10	**73,564**	80,564
Interests in an associate	11	**217,723**	224,301
Financial assets at fair value through profit or loss		**1,050**	1,050
Rights-of-use assets		**417**	478
		293,032	306,760
CURRENT ASSETS			
Trade and other receivables	12	**939**	1,352
Amount due from a related company		**2,538**	6,662
Amount due from an associate		**797**	947
Bank balances and cash		**1,724**	342
		5,998	9,303
CURRENT LIABILITIES			
Trade and other payables	13	**3,655**	3,873
Lease liabilities		**299**	236
Amount due to shareholders		**6,698**	12,992
Tax payable		**574**	339
		11,226	17,440
NET CURRENT LIABILITIES		**(5,228)**	(8,137)
TOTAL ASSETS LESS CURRENT LIABILITIES		**287,804**	298,623
NON-CURRENT LIABILITIES			
Convertible notes	14	**50,481**	47,773
Lease liabilities		**182**	283
		50,663	48,056
NET ASSETS		**237,141**	250,567
CAPITAL AND RESERVES			
Share capital	15	**5,821**	4,853
Share premium and reserves		**209,607**	222,700
Equity attributable to owners of the Company		**215,428**	227,553
Non-controlling interests		**21,713**	23,014
TOTAL EQUITY		**237,141**	250,567

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**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 "**Stock Exchange**") (the "**Listing Rules**").

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 approximately US$16,165,000 for the six months ended 30 June 2020 and the Group's net current liabilities of approximately US$5,228,000 as at 30 June 2020. 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, the following:

a) On 2 July 2020, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 45,412,879 new shares for an aggregate consideration of approximately HK$22,706,440 at the subscription price of HK$0.50 per subscription share. The subscription was completed on 13 July 2020. The intent of the proceeds was repayment of advance from shareholders and to strengthen the general working capital of the Company.

b) Chi Capital Holdings Ltd ("**Chi Capital**") has agreed to provide continuous 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. 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 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019 ("**Annual Report 2019**").

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standard ("**HKFRSs**") issued by the HKICPA for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9 HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	COVID-19 Related Rent Concessions*

* Early adopted by the Group in current period's financial statements.

Except as described below, the application of the 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.

The Group has early adopted the amendments to HKFRS 16 which provides relief to lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease. The Group elects to adopt the practical expedient to account for the COVID-19 pandemic related rent concession as negative variable lease payments. Accordingly, the Group credited US$135,000 to profit or loss for the rent concessions received by the Group during the period.

The Group has not adopted any other standard, interpretation or amendment that has been issued but has not yet been effective.

4. REVENUE AND SEGMENT INFORMATION

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

1. CMMB business – Provision of transmission and broadcasting of television ("**TV**") programs.

2. Trading business – Trading of 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 2020

	CMMB business US$'000 (unaudited)	**Trading US$'000 (unaudited)**	**Total US$'000 (unaudited)**
Segment revenue	**2,127**	**899**	**3,026**
Segment loss	**(5,602)**	**(22)**	**(5,624)**
Market development and promotion expenses	**(674)**	–	**(674)**
Effective interest on convertible notes	**(2,708)**	–	**(2,708)**
Share of results of an associate	**(6,578)**	–	**(6,578)**
Other income			**480**
Unallocated expenses			**(1,061)**
Loss for the period			**(16,165)**

Six months ended 30 June 2019

	CMMB business US$'000 (unaudited)	Trading business US$'000 (unaudited)	Total US$'000 (unaudited)
Segment revenue	1,965	1,352	3,317
Segment profit (loss)	953	(39)	914
Market development and promotion expenses	(1,028)	–	(1,028)
Effective interest on convertible notes	(2,798)	–	(2,798)
Share of results of an associate	(4,689)	–	(4,689)
Gain on redemption of convertible notes	1,639	–	1,639
Interest income			1
Unallocated expenses			(1,014)
Loss for the period			(6,975)

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 after tax without allocation of interest income 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	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Transmission and broadcasting of TV programs	**2,127**	1,965
Trading of PCB Materials	**899**	1,352
	3,026	3,317

5. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Derecognition of payable	**345**	–
COVID-19 related rent concessions and subsidies	**135**	–
Bank interest income	–	1
	480	1

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Effective interest expense on convertible notes	**2,708**	2,798
Interest expense on lease liabilities	**13**	–
Interest expense on bank overdrafts	**1**	–
	2,722	2,798

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Current tax:		
US Income Tax	**236**	69

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2019: 16.5%) on the estimated assessable profits for the period, except for the first HK$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/2019. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in Hong Kong for both periods. In addition, the directors considered that the two-tiered profits tax rates regime is not applicable to any entity within the Group for the six months ended 30 June 2020.

For the six months ended 30 June 2020, US Income Tax is charged at 24% (six months ended 30 June 2019: 24%) on the estimated assessable profits.

Taiwan Income Tax is charged at 17% on the estimated assessable profits for both periods. No provision for Taiwan Income Tax has been made as the Group does not have assessable profit arising in Taiwan 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 is 25% from 1 January 2008 onward. No provision for PRC income tax has been made in the condensed consolidated financial statements as all of the PRC subsidiaries do not have taxable income for both periods.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Staff costs, including Directors' remuneration and retirement benefits scheme contributions	**507**	757
Depreciation of property, plant and equipment	**90**	114
Depreciation of rights-of-use-assets	**130**	134
Included in other expenses:		
Share-based payment expense	–	193
Legal and professional fees	**99**	119
Exchange (profit) loss, net	**(2)**	5

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of basic loss per share	**(14,864)**	(7,033)
Effect of dilutive potential ordinary shares:		
– Effective interest on convertible notes	–	114
– Gain on redemption of convertible notes	–	(1,525)
Loss for the period attributable to the owners of the Company for the purposes diluted loss per share	**(14,864)**	(8,444)
Number of shares		(Restated)
Weighted average number of ordinary shares for the purposes of basic loss per share	**212,455,003**	157,201,557
Effect of dilutive potential ordinary shares:		
– Convertible notes	–	1,062,624
Weighted average number of ordinary shares for the purposes of diluted loss per share	**212,455,003**	158,264,181

Adjustment has been made to the basic loss per share amount for the six months ended 30 June 2020 and 2019 in respect of a dilution because the diluted loss per share amount is decreased when taking convertible notes into account, so the convertible notes had a dilutive effect.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 June 2019 has been adjusted for the effect of share consolidation completed on 12 November 2019.

As the rights issue on the basis of one rights share for every two existing shares held on the record date at the subscription price of HK$0.65 per rights share ("**Rights Issue**"), completed on 11 March 2020 includes no bonus elements, the weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 June 2020 and 2019 are not required to be adjusted for the effect of the Rights Issue.

10. INTANGIBLE ASSETS

	Spectrum Usage rights US$'000	Licensing rights US$'000	Total US$'000
Cost			
At 31 December 2019 and 30 June 2020	108,937	1,533	110,470
Accumulated Amortisation/impairment			
At 31 December 2019	28,373	1,533	29,906
Impairment recognised for the period	7,000	–	7,000
	35,373	1,533	36,906
Carrying Value			
At 30 June 2020	73,564	–	73,564
At 31 December 2019	80,564	–	80,564

As disclosed in note 18 of the Annual Report 2019, the spectrum usage rights represented user and operating rights over free-to-air UHF Spectrum TV Stations inclusive of the spectrum usage right, broadcasting rights and operating facilities in eight top US metropolitan cities, which are New York, Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa.

The management conducted an impairment assessment on the spectrum usage rights on the reporting date. The directors determined that as at 30 June 2020, there is an impairment loss of US$7,000,000 (six months ended 30 June 2019: nil) recognised for the spectrum usage rights by reference to the value in use calculation. Furthermore, the fair value less cost of disposal is not available as the Federal Communications Commission ("**FCC**") closed the auction for the sale of TV spectrum since 2017 and has yet to announce future sale plans open up to date of this report.

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

The recoverable amount of the spectrum usage rights has been determined based on a VIU calculation. The VIU calculation is based on the financial budgets approved by the management which assumes the current contracted capacity will continue for the next three-years, while the unutilised capacity will be filled at 10% (2019: 10%) increments per quarter until it reaches a 69% (2019: 78%) filled rate in the third-year; a terminal-year fill rate of 80% (2019: 95%) was assumed for both contracted and unutilised capacities.

The discount rate of 9.95% (2019: 10.21%) is determined based on the weighted average cost of capital appropriate for the spectrum usage rights. The cost of equity of 9.24% (2019: 8.62%) for the year is calculated by: (i) the risk free rate of 0.66% (2019: 1.92%), which is the 10 year average yield of US Government Bond Benchmark Yield Curve; (ii) the equity beta of 1.20 (2019: 0.97), which is the adjusted beta by making reference to publicly listed companies with comparable business nature and operation; and (iii) the market risk premium of 7.15% (2019: 6.91%), which is the difference between market rate of return and risk free rate. This long-term equity risk premium refers to the 10-year average market rate of return for the United States, sourced from Thomson Reuters. The cost of debt of 3.25% (2019: 4.75%) for the year is estimated by referring to the US Prime Lending Rate.

Through the analysis of the industry comparables, the weight of debt and equity is estimated as 46% (2019: 46%) and 54% (2019: 54%) respectively. The corporate tax rate and specific risk premium applied remain unchanged at 24% and 2% respectively. The spectrum usage rights' cash flow beyond the three-year period (2019: three year period) are extrapolated using a steady growth rate of 2.31% (2019: 2.32%) per annum. This growth rate is based on projected inflation published by the International Monetary Fund.

Other key assumptions for the VIU 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. Further to the above inputs, we have also considered these factors – (a) the FCC licences for the spectrum usage rights can be renewed upon expiry at nominal cost; (b) the contracting parties for the existing lease contracts are acting in accordance with the agreements' terms and conditions and other understanding discussed between the parties; (c) the level of key management, competent personnel and technical staff retained to support the ongoing operations have remained consistent over time; etc.

11. INTERESTS IN AN ASSOCIATE

	30 June 2020 US$'000 (unaudited)	31 December 2019 US$'000 (audited)
Initial cost of unlisted investment in an associate	**238,350**	238,350
Share of result of associate	**(20,627)**	(14,049)
	217,723	224,301

The Company completed the acquisition of 20% equity interest in Silkwave Holdings Limited ("**Silkwave**") with a call option to acquire additional 31% equity interest in Silkwave on 29 May 2018. Through its wholly-owned subsidiary, Silkwave indirectly holds a geosynchronous L-band satellite operating platform, including the AsiaStar satellite capacity, its 40MHz spectrum frequency use covering China and Asia, geostationary orbital slot, network solutions, terminal applications, and a Silkwave-1 satellite design under procurement. Such a platform can offer unprecedented efficiency and economies of scale in delivering digital multimedia and internet-based content services to vehicles and mobile devices ubiquitously throughout China and Asia Pacific Region.

With the already acquired global L-band mobile broadcasting satellite assets, Silkwave has been developing core technologies for satellite + LTE (4G and 5G) convergence. Working with multiple Chinese government agencies and industry groups Silkwave has developed a nationwide satellite – LTE Converged™ network for multimedia delivery, end-to-end ecosystem solutions, and operating partnerships with broadcasting authorities for service deployment. Its development highlights include the terminal device solution TM-Box coupled with Xingyun user interface which is being promoted to be China's industry standard for vehicular multimedia, with multiple OEM automakers having expressed interest to design-in such standard into new vehicle series. Silkwave has also integrated Beidou satellite system to create centimetre-level high-precision positioning solutions for vehicle navigation. In addition, Silkwave has completed multiple stages of technical trial services over 14 provinces and 1 million kilometres in road test in China, as well as over vast regions over the South China Sea.

The share of loss of Silkwave for the Period increased by 40.3% to US$6,578,000 (six months ended 30 June 2019: US$4,689,000). The increase mainly represents the written off deposit paid to The Boeing Company ("**Boeing**") for the construction of Boeing 702 satellite, which amounted to US$2,160,000 (20% share of the deposit of US$10,800,000). Given the recent U.S. technology transfer restrictions such as the adoption of H.R. 6388, the Space Technology Advancement Report (STAR) Act of 2020, into the National Defense Authorization Act ("**NDAA**"), has limited the non-American company to hold the American space-based assets, it is an indicator that Silkwave is likely unable to launch the satellite constructed by Boeing as previously planned.

Further, the outbreak of COVID-19 coronavirus (led to extraordinary disruptions to overall business activities in the PRC and Silkwave is no exception. Silkwave's offices, research facilities and most of the testing venues were instructed to close temporarily during February and March of 2020. Silkwave's offices resumed operations in early March 2020 and the research facilities operated by the first week of April 2020. These government mandated closures of business operations and disruptions affected the Silkwave's research and fundraising schedule which inevitably impacted on the Silkwave's financial results and liquidity position in the first half of 2020.

12. TRADE AND OTHER RECEIVABLES

The Group generally allows credit period between 60 to 120 days to its customers of CMMB Business and Trading Business. The trade receivables are due from one customer under Trading Business (31 December 2019: one) and three customers under CMMB business as at 30 June 2020 (31 December 2019: nil).

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

	30 June 2020	31 December 2019
	US$'000 (unaudited)	US$'000 (audited)
Trade receivables:		
0 – 30 days	**242**	226
31 – 60 days	**–**	645
61 – 90 days	**567**	349
	809	1,220
Other receivables and deposits	**109**	129
Prepayment	**21**	3
	939	1,352

13. TRADE AND OTHER PAYABLES

The average credit period granted by its suppliers is 60 days. The aged analysis of trade payables, presented based on the invoice dates, at the end of the reporting period are as follows:

	30 June 2020	31 December 2019
	US$'000 **(unaudited)**	US$'000 (audited)
Trade payables: 0 – 90 days	**297**	953
Accruals	**3,358**	2,920
	3,655	3,873

14. CONVERTIBLE NOTES

As disclosed in note 27 of the Annual Report 2019, 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.

The movement of the liability component of the 2025 Convertible Notes for the Period are as follows:

	US$'000
At 31 December 2019	**47,773**
Effective interest expenses	**2,708**
At 30 June 2020	**50,481**

15. SHARE CAPITAL

	Number of shares (unaudited)	Nominal value HK$'000 (unaudited)	Shown as US$'000 (unaudited)
Ordinary shares of HK$0.20 each			
At 1 January 2020	189,079,970	37,816	4,853
Issue of new shares by Rights Issue	37,984,428	7,597	968
At 30 June 2020	**227,064,398**	**45,413**	**5,821**

On 11 March 2020, the Company raised approximately HK$24,700,000 (equivalent to approximately US$3,145,000) before expenses by way of issuance of 37,984,428 new shares pursuant to the Rights Issue. The Company intends to apply the net proceeds from the Rights Issue for general working capital and the development of the Maritime Project.

Details of the Rights Issue are set out in the prospectus and the announcement of the Company dated 18 February 2020 and 10 March 2020, respectively.

The new shares rank *pari passu* with the existing shares in all respects.

16. SHARE OPTION SCHEME

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 Company granted 54,956,892 share options on 17 May 2019 under the existing scheme mandate limit at the exercise price of HK$0.075 per share to certain consultants for the purpose of fundraising activities; development of CMMB Business and seeking for new investment opportunities in CMMB Business. The closing price as stated on the daily quotations sheet of the Stock Exchange on the date of grant was HK$0.070 per share. The scheme mandate limit was utilised in full on the date of grant.

As a result of the share consolidation which was effective on 12 November 2019, the exercise price per share and number of outstanding share options granted on 17 May 2019 were adjusted from HK$0.075 to HK$1.50 and from 54,956,892 options to 2,747,844 options respectively.

As a result of the Rights Issue which was completed on 11 March 2020, the exercise price per share and number of outstanding share options granted on 17 May 2019 were further adjusted from HK$1.50 to HK$1.516 and from 2,747,844 options to 2,718,843 options respectively ("**Outstanding Share Options**").

Details of the share options granted and outstanding under the share option scheme for the Period were as follows:

	Date of grant	**Adjusted exercise price HK$**	**Exercise period**	**Outstanding at 1.1.2020**	**Adjustment**	**Outstanding at 30.6.2020**
Consultants	17 May 2019	1.516	17 May 2019 to 16 May 2022	**2,747,844**	**(29,001)**	**2,718,843**
Total				**2,747,844**	**(29,001)**	**2,718,843**
Exercisable at the end of the period						**2,718,843**
Weighted average exercise price (HK$)						**1.516**

On 5 August 2020, the Board has resolved to cancel the Outstanding Share Options subject to the respective consent of the Existing Holders (the "**Existing Holders**"), on the ground that the exercise price of the outstanding share options has been consistently high when compared with the prevailing market price of the Shares, which deters the option holders of the Outstanding Share Options from exercising the Outstanding Share Options. As a result, the Outstanding Share Options could no longer serve the purpose to motivate the Existing Holders.

17. CAPITAL COMMITMENTS

As at 30 June 2020, neither the Group nor the Company has any significant capital expenditure contracted for but not provided in the condensed consolidated financial statements.

18. EVENT AFTER THE REPORTING PERIOD

On 2 July 2020, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 45,412,879 new shares for an aggregate consideration of approximately HK$22,706,440 at the subscription price of HK$0.50 per subscription share. The subscription was completed on 13 July 2020. The intent of the proceeds was repayment of advance from shareholders and to strengthen the general working capital of the Company.

On 5 August 2020, the Company has resolved to grant 10,896,000 new share options (the "**New Share Options**") to (i) the Existing Holders to subscribe for 8,172,000 Shares, which are served as replacement of the cancelled Outstanding Share Options, and (ii) one new consultant to subscribe for 2,724,000 Shares, subject to their respective acceptance, under the share option scheme. Reference is made the announcement of Company dated 11 August 2020. The purported grant of the New Share Options has not been accepted by the respective grantees and has not been materialised. The purported grant of the New Share Options has been cancelled accordingly by the Company pursuant to Rule 17.05 of the Listing Rules.

19. LITIGATION

As at the end of the reporting period, the Group had potential litigation in US against the Company. On 18 October 2019, Mr. Hamza Farooqui ("**Mr. Farooqui**") filed a claim against Silkwave, the Company, Chi Capital, Mr. Wong Chau Chi (a director of the Company), Mr. Liu Hui (a director of the Company) and three other related parties of Silkwave for breach of implied contract, quantum meruit, promissory estoppel, unjust enrichment, breach of contract, fraud and fraud in the inducement, constructive trust, and defamation (the "**Claim**"). In the Claim, it is alleged that, among other matters, the defendants in the Claim are liable to Mr. Farooqui for certain work he performed for the benefit of the defendants in connection with business transactions involving satellite assets in Asia and Africa and certain compensations.

As at the end of the reporting period, the Superior Court of the District of Columbia, US granted motion for the extension of time to file proof of service. The settlement conference was previous scheduled on 12 June 2020 in Washington D.C., US. was postponed to 28 August 2020 due to court order for Corona Virus delay.

As at the end of the reporting period, the Company was seeking legal advice in relation to the Claim. The Directors believe that the Claim is without merit and the likelihood of a significant loss arising from the Claim is small and therefore no provision of the Claim was considered necessary.

20. INTERIM DIVIDEND

The board of directors of the Company did not declare any interim dividend to the shareholders of the Company for the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS OPERATIONS

The principal activity of CMMB Vision Holdings Limited (the "**Company**") is investment holding whilst its subsidiaries are mainly engaged in the provision of Convergent Mobile Multimedia Broadcasting ("**CMMB**"), the next generation of convergent satellite-mobile multimedia infotainment broadcasting service, and the trading of printed circuit board ("**PCB**").

The Impact of COVID-19 on the Group's Operation

In the first half of 2020, an unexpected outbreak of the novel coronavirus (the "**COVID-19**") has caused drastic fluctuations in economic and financial environment around the world. Later, in March, the World Health Organization (WHO) declared COVID-19 a global pandemic. It led to extraordinary disruptions to our operations, research activities and business development in the PRC and US markets. The PRC offices and research centre were even instructed to close temporarily during February and March of 2020.

We expect that COVID-19 will structurally slow down global business-as-usual economic activities but force massive demand for business transformations; it is the latter that we are focused on for growth. In short, we are optimistic of the mid-term future.

Rights Issue

During the period, the Group proposed rights issue on the basis of one rights share for every two existing shares held on the record date at the subscription price of HK$0.65 per rights share ("**Rights Issue**") which was completed with detail disclosed in the announcement of the Company dated 10 March 2020. As disclosed in the announcement, the Company received a total of 18 valid acceptances and applications under the Provisional allotment letters in respect of a total of 37,984,428 rights shares, representing approximately 40.18% of the total number of rights shares available for subscription under the Rights Issue. Accordingly, the gross proceeds raised from the Rights Issue are approximately HK$24,700,000 (equivalent to US$3,145,000) before expenses. The net proceeds, after deduction of all relevant expenses incidental to the Rights Issue of approximately HK$1,200,000, are estimated to be approximately HK$23,500,000. The Company intends to apply the net proceeds from the Rights Issue for general working capital and the development of the Maritime Project as disclosed in the prospectus of the Company dated 18 February 2020 with the amount allocated to each of them reduced on a pro rata basis, as compared to the amount which would have been allocated to them had the Rights Issue been fully subscribed.

Considering the market uncertainty, the Group has been managing operating expenses and reducing marketing and promotion budgets cautiously.

Save as disclosed above, there has been no material change in the development of the Group's business and financial position, and no important event affecting the Group has occurred since the publication of the annual report of the Company for the year ended 31 December 2019.

FINANCIAL REVIEW

The Group recorded loss for the six months ended 30 June 2020 (the "**Period**") of US$16,165,000 (six months ended 30 June 2019: US$6,975,000), and loss per share was US7.00 cents (six months ended 30 June 2019: US4.47 cents, restated). As at 30 June 2020, the net assets per share attributable to owners of the Company was US$1.01 (31 December 2019: US$1.39).

For the Period, the Group is engaged in the provision of transmitting and broadcasting television programs and trading of PCB materials with a revenue of US$3,026,000 (six months ended 30 June 2019: US$3,317,000). The decrease in revenue of US$291,000 or 8.8% was mainly due to the decrease in trading of PCB materials by US$453,000 and increase in TV rental income of US$162,000.

Cost of sales mainly includes costs of goods sold, staff costs and operating lease payments. The decrease in cost of sales of US$435,000 or 21.0% was due to a decrease in direct costs and costs of sales of US$386,000 and a decrease in operating lease payments of US$49,000 for the Period.

Gross profit increased from US$1,242,000 in corresponding period in 2019 to US$1,386,000 in 2020, an increase of US$144,000 or 11.6%, which arose primarily from higher TV rental income.

Administrative expenses for the Period decreased by 31.5% to US$740,000, as compared to the same Period in 2019 of US$1,080,000, mainly due to decrease in administrative staff cost of US$269,000 and rental expenses of US$54,000.

Market development and promotion expenses decreased by 34.4% to US$674,000 (six months ended 30 June 2019: US$1,028,000), which include 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 cancellation of most of the marketing development activities held overseas since the COVID-19 outbreak. The corresponding travelling expense for the period dropped significantly.

Other expenses for the Period amounted to US$81,000 (six months ended 30 June 2019: US$193,000), with the decrease mainly attributable to a less legal and professional fees. Other expenses 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$2,722,000 (six months ended 30 June 2019: US$2,798,000) 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 2020.

The Company shared a loss US$6,578,000 (six months ended 30 June 2019: US$4,689,000) for its 20% interest in Silkwave Holdings Limited ("**Silkwave**"), which is primarily comprised of write off of deposit paid for satellite construction and launching, depreciation and amortization, research and development and other operating expenses. Details are set out in note 11 of the condensed consolidated financial statements.

The impairment loss recognised on intangible assets for the six months ended 30 June 2020 was US$7,000,000 (six months ended 30 June 2019: nil), which the management has limited the terminal fill rates of both contracted and unutilised capacity of the budget revenue in response to the recent economic situation. Details are set out in note 10 of the condensed consolidated financial statements.

INTERIM DIVIDEND

The board of directors of the Company did not declare any interim dividend to the shareholders of the Company for the six months ended 30 June 2020.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity attributable to the owners of the Company decreased to US$215,428,000 as at 30 June 2020 as compared with US$227,553,000 as at 31 December 2019 which is mainly derived from the loss for the period attributable to the owners of the Company, set off by the proceeds of the Rights Issue completed on 13 March 2020.

Current assets amounted to US$5,998,000 (31 December 2019: US$9,303,000) is comprised of bank balances and cash of US$1,724,000 (31 December 2019: US$342,000), trade and other receivables of US$939,000 (31 December 2019: US$1,352,000), amount due from a related company of US$2,538,000 (31 December 2019: US$6,662,000) and amount due from an associate of US$797,000 (31 December 2019: US$947,000).

Current liabilities amounted to US$11,226,000 (31 December 2019: US$17,440,000), which represented trade and other payables of US$3,655,000 (31 December 2019: US$3,873,000), amounts due to shareholders of US$6,698,000 (31 December 2019: US$12,992,000) and tax payable of US$574,000 (31 December 2019: US$339,000). As at 30 June 2020, the Group's current ratio was 0.5 (31 December 2019: 0.5).

On 2 July 2020, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 45,412,879 new shares for an aggregate consideration of approximately HK$22,706,440 at the subscription price of HK$0.50 per subscription share. The subscription was completed on 13 July 2020. The intent of the proceeds was repayment of advance from shareholders and to strengthen the general working capital of the Company.

CAPITAL STRUCTURE

Indebtedness

Convertible notes of the Group as at 30 June 2020 amounted to US$50,481,000 (31 December 2019: US$47,773,000). The gearing ratio (a ratio of total loans to total assets) was 16.9% (31 December 2019: 15.1%), reflecting 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 2020 (31 December 2019: nil).

As at 30 June 2020, neither the Group nor the Company has any significant contingent liabilities (31 December 2019: nil).

Treasury Policies

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The deposits of the Group at various licensed banks have been and will continue to be conducted in accordance with the Group's treasury policy. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

Capital Commitments

As at 30 June 2020, neither the Group nor the Company has any significant capital expenditure contracted for but not provided in the condensed consolidated financial statements.

PLEDGE OF/CHARGE ON ASSETS

As at 30 June 2020, neither the Group nor the Company pledged or charged any properties and assets (31 December 2019: nil).

OFF-BALANCE SHEET TRANSACTIONS

As at 30 June 2020, the Group did not enter into any material off-balance sheet transactions (31 December 2019: nil).

FOREIGN EXCHANGE EXPOSURE

For the Period, most of the assets, liabilities and transactions of the Group are denominated in United States dollars. Management of the Group considers the impact of foreign exchange risk to the Group to be insignificant, 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 4 to the condensed consolidated financial statements.

EMPLOYEE BENEFITS

The average number of employees of the Group for the Period was approximately 25 (six months ended 30 June 2019: 30). The Group's staff costs (including directors' fees and emoluments) for the Period amounted to US$507,000 (six months ended 30 June 2019: US$757,000). 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 sense of ownership.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 2 July 2020, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 45,412,879 new shares for an aggregate consideration of approximately HK$22,706,440 at the subscription price of HK$0.50 per subscription share. The subscription was completed on 13 July 2020. The intent of the proceeds was repayment of advance from shareholders and to strengthen the general working capital of the Company.

On 5 August 2020, the board of directors of the Company (the "**Board**") has resolved to cancel the outstanding share options, subject to the respective consent of the existing holders (the "**Existing Holders**"), on the ground that the exercise price of the outstanding share options has been consistently high when compared with the prevailing market price of the shares, which deters the option holders of the outstanding share options from exercising the outstanding share options. As a result, the outstanding share options could no longer serve the purpose to motivate the Existing Holders.

On 5 August 2020, the Company has resolved to grant 10,896,000 new share options (the "**New Share Options**") to (i) the Existing Holders to subscribe for 8,172,000 Shares, which are served as replacement of the cancelled Outstanding Share Options, and (ii) one new consultant to subscribe for 2,724,000 Shares, subject to their respective acceptance, under the share option scheme. Reference is made the announcement of Company dated 11 August 2020. The purported grant of the New Share Options has not been accepted by the respective grantees and has not been materialised. The purported grant of the New Share Options has been cancelled accordingly by the Company pursuant to Rule 17.05 of the Listing Rules.

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.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 June 2020, the Group did not make any significant investments.

PROSPECTS

CMMB Business

As a result of the reassignment of frequencies, the Company has started retrofitting our broadcasting equipment to conform with the new frequencies assigned and will continue to do so into 2020, although these capital expenditures are expected to be relatively insignificant.

Despite the potential downsides to the FCC spectrum reallocation, this event also brings new opportunities and synergies to TV operators through collaboration, such as co-sharing of revenue on joint marketing initiatives and reducing operational costs. Furthermore, the FCC has approved the introduction of the Advanced Television Systems Committee ("**ATSC**") standard 3.0 ("**ATSC 3.0**"), however, it is deferring its decision on targeted ads in accordance with its guidelines on privacy. The approval carries with it a general requirement on full-power stations who choose to deploy ATSC 3.0 to maintain an ATSC-compatible signal for at least 5 years, while low-power stations are exempt from this simulcasting requirement. Although we are exempt from the simulcasting requirement, we predict the transition to ATSC 3.0 at the hardware manufacturer level and especially at the consumer level to take at least 5 years or longer. During this time, advances in scalable video codec and audio compression technology are anticipated to allow for a possible increase in the number of channels given a fixed assignment of spectrum frequency, such that there is a potential to reverse channels lost in the current displacement reapplications.

In China and other Asian countries, the Company through its affiliate Silkwave Holdings Limited has already owned one of the world's most powerful L-band satellite network with coverage over China and the Belt and Road countries, in additional to the necessary space and terrestrial technology, licenses, content and other partnerships brought by Silkwave to form a complete ecosystem to serve infotainment services to consumers and commercial businesses. It also acquired "Satellite+4G/5G" converged technology patents as well as AI-based cutting-edge autonomous-driving sensor technology. With the prevalence of 4G and coming 5G, Silkwave has developed groundbreaking technology that integrates our satellite broadcast with 4G/5G cellular deliveries on the same device, hence rendering our platform as part of 5G ecosystem. Taken together, it is well-poised to take the lead in supporting China's New Infrastructure development initiative in multiple dimensions.

Silkwave has also enlisted a top-tier investment bank to lead its fundraising campaign whose proceeds will be used to finance the construction of the next generation of satellites and related infrastructures, as well as fund operating cash flows. The new space infrastructure will replace the existing AsiaStar-based system and allow Silkwave to reach its full-service capability by expanding its service offerings once Silkwave enters full commercial service launch. Recently, Silkwave has entered framework contract with China Great Wall Industries Corporation to procure 2 new generation satellites covering from China to Asia, the Middle East, Africa, and Europe for BeltRoad new infrastructure and signed Memorandum of Understanding ("**MOU**") with Saudi partner to jointly invest in new satellite and develop connected-car service for the Middle East and Africa.

Trading Business

There are several factors which affect the business, including the stage of product life cycle for our clients' electronic products and consumer demands for these products, status of political relationship between countries, and changes in each country's regulations. With mobile devices reaching saturation in most western countries and the current state of trade tensions between the US and China, we anticipate our trading business will continue to face challenging times in the year ahead.

Development of Maritime Project

Earlier in the year, the Company has announced that it is developing a maritime satellite multimedia service for the South China Sea, which includes the Greater Bay Area and the Southern China Sea. The business is to target the millions of fishing boats, commercial freighters and cruise liners and the operators and passengers aboard these vessels. The area covers 9 million square miles and will be serviced by our AsiaStar satellite. This project aims to deploy our existing assets, technology and ecosystem of partners to market services over the maritime area as a business. The trial of such business is underway and commercial services could start in 2020 to 2021.

The maritime project will be a validation of the Company's business model which showcases our technology to an international audience. It will be a testament of the business opportunities available beyond our initial investment in the vehicular multimedia infotainment technologies developed by Silkwave.

FUNDRAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS

Set out below is the fundraising activities of the Company during the past twelve months immediately prior to the date of this announcement:

Date of announcement	Events	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
10 March 2020	Issuance of 37,984,428 new shares pursuant to the Rights Issue	Approximately US$2,990,000	General working capital for operations and business development	• Administrative and operations expenses of US$560,000 • Marketing development and promotion expenses of US$674,000 • General working capital of an associate of US$128,000 • Development of maritime project of US$218,000 • Unutilised proceeds held in the Group of US$1,410,000
2 July 2020	Placing of 45,412,879 new shares under general mandate granted by the Shareholders at the annual general meeting on 2 June 2020	Approximately US$2,920,000	Repayment of advances from shareholders and general working capital for operations and business development	• Repayment of advances from shareholders of US$2,900,000 • Administrative and operations expenses of US$20,000

Save as abovementioned, the Company had not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

OTHER INFORMATION

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 ("CG CODE")

The Directors recognise the importance of incorporating elements of good corporate governance in the management structure and internal control procedures of the Group so as to achieve effective accountability and to maximise the shareholders' benefits. 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 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.

Dr. Wang Wei-Lin ("**Dr. Wang**") resigned as an independent non-executive Director ("**INED**"), and ceased to be a member of remuneration committee, all with effect from 1 June 2020. Following the resignation of Dr. Wang, the Company has only two INEDs which does not meet the requirement under Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Company will identify a suitable candidate for the position of independent non-executive director of the Company within three months from the effective date of Dr. Wang's resignation to comply with the requirements of Rule 3.10(1) of the Listing Rules. Further announcement will be made by the Company as and when appropriate. Further, with effect from 1 June 2020, Dr. Li Jun has been appointed as the chairman of the remuneration committee in place of Dr. Wang.

AUDIT COMMITTEE

The Audit Committee comprises of Dr. Li Shan and Dr. Li Jun, being independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Dr. Li Shan is the chairman of the Audit Committee. The Audit Committee has reviewed and discussed, 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 and recommended its adoption by the Board.

The unaudited condensed consolidated financial statements for the Period was approved by the Board on 24 August 2020.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company deeply understands that shareholders are entitled to have a better understanding of the business and prospect of the Group. Therefore, the Company always makes active communication with investment community. Shareholder communication policy has been adopted to regulate and promote the efficient and sound communication among the Company, its shareholders and other stakeholders. The policy can be accessed on the Group's website.

PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2020 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 2020 will be dispatched to the Shareholders and published on the aforementioned websites in due course.

By order of the Board
CMMB Vision Holdings Limited

Wong Chau Chi
Chairman

Hong Kong, 24 August 2020

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