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CMMB VISION HOLDINGS LIMITED

中國移動多媒體廣播控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 471)

SUMMARY OF VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND LATEST DEVELOPMENT

Reference is made to the announcement of CMMB Vision Holdings Limited (the “”) dated 31 October 2016 (the “**Announcement**”) in relation to, among other things, the Acquisition. This announcement summarizes the key points of the Acquisition certain new development. Unless otherwise stated, terms defined in the Announcement shall have the same meanings when used in this announcement.

1. Acquire One-Belt-One-Road Satellite Equity Interest and Management Rights

- i. Acquisition: The Company has entered into definitive agreement with major shareholder Chi Capital to acquire 20% equity interest in Silkwave Holdings together with a Call Option to acquire additional 31% and in the meantime will be given the rights to operation. Silkwave Holdings owns the exclusive 40 MHz of L-band frequency rights covering Asia and its 4.4 billion population, geosynchronous orbital slot, capacity of the currently operating “AsiaStar” satellite and the nex-generation “Silkwave-1” satellite launching by 2018, teleport facilities, and a direct-to-home media service platform with ample international programming. Taken together, these represent a full-fledged mobile communication satellite infrastructure with end-to-end capabilities in a global scale.
- ii. Leapfrog As World’s Largest Satellite-to-Mobile Multimedia Operator: The Acquisition, if completed, represents the most critical building block to bring together years of Company’s technological and business development to create the world’s largest and most advanced satellite-to-mobile multimedia service platform under Silkwave Holdings, capable of delivering unlimited mobile digital entertainment and Internet data services to vehicles and mobile devices with unprecedented low-cost, high-capacity, and ubiquitous coverage.

- iii. Deployment-Ready in China and Asia: With this, the Company will be rendered operationally ready to quickly commence services in China, where it has developed joint-venture operation with State-media group, broad-based ecosystem partnership, and government support. It will later expand services to Asia One-Belt-One-Road countries by leveraging its Asia coverage and turnkey solutions from China.
- iv. Disruptive Internet Consumption Services: Services expected to be offered through Silkwave Holdings will include hundreds of live video and audio channels, numerous on-demand programs, Internet downloads, big-data telematics, universal eLearning, and government emergency broadcasting, which will be directly streamed and pushed to vehicles and mobile devices real-time anywhere with no data charge, no data limit, and are independent of the conventional congested and data-expensive mobile networks such as 4G/LTE yet can seamlessly converge and interact with them. Revenue models include upfront service activation fee, advertising, and premium subscription designed to minimize user cost and maximize service proliferation.

2. Key Acquisition Detail

- i. The total consideration for the Acquisition is USD 240 million, of which USD 94 million will be payable in cash, USD 96 million will be satisfied by the issue of the Convertible Notes, and USD 50 million will be satisfied by the Disposal, which involves the Company's transfer and injection of its 49% equity interest in Global Vision into Silkwave Holdings.
- ii. The initial conversion price of Convertible Notes will be HK\$0.4 per Conversion Share, representing approximately 36% discount to the closing price of HKD 0.295 per Share as quoted on the Stock Exchange on the Last Trading Day.
- iii. The Company has the Call Option to further acquire 31% interest in Silkwave Holdings to reach 51% for financial consolidation and in the meantime has the rights to its operation. The Call Option will greatly reduce Company upfront capital outlay while preserving maximum future potential.
- iv. The total consideration of USD 240 million represents a 70% discount to fair market value in favor of the Company based on professional third party's market-approach appraisal.
- v. Disposal of 49% interest in Global Vision valued at USD 50 million against book value of USD 16 million, representing a USD 34 million premium in favor of the Company.
- vi. Other than the afore-mentioned, there will be no additional capital commitment on Silkwave Holdings.

3. Service Deployment in 3 Stages

- i. From Now to 2018 - Trial Services Under AsiaStar: Trial services will be offered and supported by AsiaStar in collaboration with ecosystem partners and government agencies

in China starting end of 2016. Key purpose is to test, validate, and optimize technologies, terminal devices, system operations, and service performances so as to help create industry standards and streamline ecosystem support for Company's services. (Separate announcement will be made on development of ecosystem and trial services in China)

- ii. From 2018 onward - Full Commercial Services Under Silwave-1: Full services will be offered first to connected-cars in China supported by the Silkwave-1 satellite and are expected to generate substantial revenue. Company has partnered with China's largest connected-car ecosystem alliance to incorporate satellite multimedia function into connected-car devices installed in China's future car as an industry standard. China is world's largest car market with estimated 350 million cars and USD 50 billion car-related media and telematics opportunities by 2022. (Company will have separate announcement on partnership with connected-car alliance later).
- iii. Post 2018 - Expansion to Asia One-Belt-One-Road: Post 2018, Company plans to expand services to other Asia countries (i.e., Indonesia, India) by leveraging Company's Asia-wide satellite coverage and ecosystem support in China, which is expected to add significant revenue to Company while diversifying its market risks. Currently, Company has launched the Amego satellite mobile set-top box service under AsiaStar for Southeast Asia to complement efforts in China and prepare for regional deployment.

4. Significance of Acquisition and Future Prospect

- i. Market Leader For Connected-Car And Mobile Multimedia: With low-cost and ubiquitous delivery capability Company will have the largest and most commercially viable delivery network to dominate in-car media entertainment and telematics services in China, which will also be naturally extended to mobile consumers to enable Company to capture the mobile market. Taken together, Company is well-positioned to become the largest media provider and advertiser by coverage, user, content, and revenue in the future. China is expected to have over 350 million cars and 1 billion smartphones by 2022.
- ii. Accelerate Ecosystem Support To Proliferate Services to Mass Markets: The Acquisition provides the Company with the critical infrastructure to amass industrial and commercial support from China's ecosystem of car-makers, mobile devices suppliers, Internet media providers, and telecom operators to proliferate Company's services to the vehicle and mobile markets throughout China, starting with trial services today and followed by full commercial offering by 2018.
- iii. Captive Audience For High-Value Targeted Content Production: With universal media distribution network Company can capture enormous audience across demographics and regions while gaining insights into their viewing habits. This will enable Company to produce more competitive content tailored to the audience and effectively capture new business revenues while evolving into a vertically integrated multimedia provider.

Company is in discussion with media producers from China and Hollywood for potential programs such as “In-car Hollywood Mobile Theater” and “Satellite Mobile Sports Channel”, etc.

- iv. Maximize Growth With Minimum Capital Risk: The Acquisition enables Company to significantly reduce early-stage capital commitment while controlling a vast infrastructure and business platform that otherwise would not be possible. It is a most cost-effective investment model with immense upside and minimum downside and hence is conducive to significant value creation going forward.

5. Company Background and Development

Company’s vision is to offer mobile multimedia service to address the rapidly rising mobile media and data demands and the limitations of the conventional mobile networks imposed. The endeavor is nothing short of creating a whole new mobile Internet delivery platform, which is daunting and time-consuming, requiring Company to integrate and transcend capabilities from existing ecosystems of telecom, media, broadcasting, Internet, and the vast supply chains behind them. Company’s vision started with China’s sTiMi (Satellite-Terrestrial Interactive Mobile and Interactive) project under SARFT years ago, which conceived a satellite in the sky unified with networks on the ground to bring about unlimited and free entertainment and Internet data to every mobile device of the 1.3 billion population across the country. Through the years the Company has been adhering to its vision. It embarked on the journey by acquiring China’s sTiMi (also known as CMMB) technology and developing it into the next-generation convergent technology that integrates broadcasting with unicasting communication. In parallel it ventured into the US to collaborate with world’s leading technology providers and to be part of US’s next-generation media standard ATSC 3.0 making group. It also acquired a network of 12 UHF terrestrial TV stations in top US markets to test and optimize its technology and services. Company came across the AsiaStar satellite opportunity two years ago and believed it could best leverage its technology and deploy services on a global scale. Through the acquisition process the Company has overcome numerous legal, regulatory and financial challenges in the international markets, and put in place the necessary operating platform and ecosystem and government partnership in China to render it as the flagship market for service deployment, which is a critical stepping stone to technology transfer and expansion to other Asian and global markets later. This Acquisition, if successful, will synthesize years of its efforts and complete its platform capabilities to accelerate its commercial readiness.

The Company would like to sincerely thank all shareholders for their patience and support through the years.

By order of the Board
CMMB Vision Holdings Limited
Wong Chau Chi

Chairman

Hong Kong, 31 October 2016

As at the date of this 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.