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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)

**CONNECTED TRANSACTIONS IN RELATION TO PROPOSED ISSUE OF
CONVERTIBLE NOTES UNDER SPECIFIC MANDATE**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

VEDA | CAPITAL
智略資本

PROPOSED ISSUE OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

On 29 June 2021 (after trading hours), the Company entered into a conditional Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Notes.

The subscription price of US\$65,000,000 will be fully set off by the US\$87,000,000 Existing Convertible Notes held by Chi Capital which shall fall due on 28 May 2025. The Conversion Price of HK\$0.35 represents a premium of approximately 22.81% on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on 29 June 2021, being the date of the Subscription Agreement.

On the assumption that the Convertible Notes would be converted into Conversion Shares in full at the Conversion Price, 1,444,857,142 Conversion Shares will be issued, representing approximately 412.76% of the existing issued share capital of the Company and approximately 80.50% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares.

The transaction will benefit the Company in the following ways: 1) it will immediately reduce Company liability by US\$22,000,000, a windfall to the Company and shareholders; 2) it will greatly enhance the probability for the Company convertible liability to be converted into share equity and do away the existing US\$87,000,000 convertible liability entirely to avoid a potential default; 3) it will strengthen the Company's balance sheet and allow the Company to engage in strategic and capital markets opportunities to significantly grow and expand its businesses while revamping as a significant operating concern.

In light of the fact that the Company is in business development stage and will require ample long term capital support, both the Company and the major shareholder Chi Capital have reached this debt reduction agreement today so as to avoid the default prospect of the Company and continue to support Company's long term development.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Chi Capital is a substantial Shareholder holding 44,569,268 Shares, represents approximately 12.73% of the issued share capital of the Company, which in turn is wholly-owned by Mr. Wong, the chief executive of the Group, an executive Director, and the chairman of the Board. As such, Chi Capital is a connected person of the Company. Accordingly, the Subscription constitute a connected transaction of the Company under the Listing Rules and are subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent set out in the Subscription Agreement. Each of the Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

SUBSCRIPTION AGREEMENT

On 29 June 2021 (after trading hours), the Company entered into a conditional Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Notes.

Date

29 June 2021 (after trading hours)

Parties

- (1) The Company as issuer; and
- (2) Chi Capital as Subscriber

Chi Capital, as the Subscriber, is a company incorporated in the British Virgin Islands with limited liability wholly-owned by Mr. Wong, and is principally engaged in investment holdings. As at the Latest Practicable Date, Chi Capital is a substantial Shareholder holding 44,569,268 Shares, representing approximately 12.73% of the issued share capital of the Company. Chi Capital also holds the Existing Convertible Notes in the outstanding principal amount of US\$87,000,000 which shall fall due on 28 May 2025. Accordingly, Chi Capital is a connected person of the Company.

Subject matter

Subject to fulfilment of the conditions precedent to the Subscription as set out below, Chi Capital shall subscribe for the Convertible Notes in principal amount of US\$65,000,000 under the Subscription Agreement and the said amounts shall be satisfied by fully setting off against the amounts due by the Company to the Subscriber under the Existing Convertible Notes held by Chi Capital in the outstanding principal amount of US\$87,000,000.

Conditions precedent to the Subscription

The Subscription are conditional upon:

- (i) the Stock Exchange granting the listing of and permission to deal in the Conversion Shares;

- (ii) the Independent Shareholders passing the necessary resolution(s) at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares;
- (iii) the Company having obtained, as the case may be, any and all approvals, consents and waivers necessary for consummation of the transactions contemplated by the Subscription Agreement; and
- (iv) all necessary consents and approvals required to be obtained by the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereby, including but not limited to the Subscription, having been obtained.

In the event that the conditions of the Subscription are not fulfilled by 5:00 p.m. on or before 30 September 2021 or such other time and date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the conditions precedent of the Subscription Agreement has been fulfilled.

Completion

Completion shall take place on the third business days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the respective parties).

Principal terms of the Convertible Notes

Issuer:	The Company
Principal amount:	US\$65,000,000 to be subscribed by Chi Capital.
Maturity Date:	The Convertible Notes shall mature on the seventh anniversary of the date of issue thereof.
Interest:	The Convertible Notes shall not bear any interest.
Voting Rights:	The Noteholder(s) will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the holder of the Convertible Notes.
Ranking:	The payment obligations of the Company under the Convertible Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Conversion Shares issued upon conversion of the Convertible Notes will in all respects rank *pari passu* with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be

paid or made if the record date therefor shall be on or before the relevant conversion date.

Listing: The Convertible Notes will not be listed on the Stock Exchange or any other stock exchange. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Redemption: The Company may at any time before the maturity date redeem the Convertible Notes (in whole or in part) at 100% to the principal amount of the part of the Convertible Notes to be redeemed.

Any amount of the Convertible Notes which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.

Any amount of the Convertible Notes which is redeemed by the Company will be forthwith cancelled.

Transferability: The Convertible Notes may be assigned or transferred to any transferee subject to prior notification to the Company. The Convertible Notes may not be assigned or transferred to any connected person of the Company (as defined under the Listing Rules) without prior written consent of the Company.

Number of Conversion Shares to be issued: Provided that (i) any conversion of the Convertible Note does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder which exercised the conversion rights; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with the Listing Rules and the right of the Company to redeem, the holder of the Convertible Notes shall have the right at any time from the date of issue of the Convertible Notes up to five (5) business days prior to the maturity date to convert the whole or part of the outstanding principal amount of the Convertible Notes registered in its name into Shares.

Adjustment of conversion price: The conversion price of HK\$0.35 per Share is subject to adjustments in the case of the following customary anti-dilution events, (i) free distribution of shares, subdivisions, consolidations or reclassification of shares, (ii) stock dividends, (iii) certain grant, offer or issue of options, rights or warrants or convertible or exchangeable securities; (iv) capital distributions including indebtedness, certain assets or shares of capital stock of the Company or certain other securities; (v) capitalization of profits or reserves; and (vi) issue of Shares for cash or as consideration for acquisition of assets at an issue price which is less than the then market price of the Shares. For the avoidance of doubt, the Company shall give effect to

any adjustment which has not been effected due to restriction(s) under any applicable laws, rules or regulations as soon as practicable after such restriction(s) cease to apply.

The Company will make an announcement when there is any adjustment to the conversion price of the Convertible Notes.

Events of Default:

The holder of the Convertible Notes may give notice to the Company that the Convertible Notes are, and they shall on the giving of such notice immediately become, due and payable at their principal amount and all other sums payable under the Convertible Notes if:

- (i) the Company fails to pay any principal amount in respect of the Convertible Notes when due, unless non-payment of such amount is due to administrative or technical error and payment is made within 3 business days of the due date thereof; or
- (ii) the Company defaults in the performance or observance of or compliance with any of its other obligations set out in the instrument constituting the Convertible Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 14 days after notice of the occurrence of such default by the holder of the Convertible Notes; or
- (iii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries (and, where any such appointment is made in relation to a major subsidiary, the appointment is not discharged within 14 days of it being made); or
- (iv) the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its major subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries (and, where any such appointment is made in relation to a major subsidiary, the appointment is not discharged or withdrawn within 14 days of it being made)

or takes any proceeding under any law for a readjustment or deferment of its respective obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its respective creditors; or

- (v) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its major Subsidiaries (and where any such petition, proceeding or order is presented, commenced or made in relation to a major subsidiary, such petition, proceeding or order is not set aside or withdrawn within 14 days of it being filed, commenced or made), except in the case of winding-up of any Subsidiaries of the Company in the course of internal reorganisation without involving insolvency; or
- (vi) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its major Subsidiaries (and, in the case of a major subsidiary, is not lifted within 14 days of it being agreed or declared) or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its major subsidiaries; or
- (vii) the Shares cease to be listed on the Stock Exchange; or
- (viii) a “Change of Control” event occurs, when (i) any person or persons acting together, other than Chi Capital and parties acting in concert with it, acquires Control of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person or persons, acting together.

For the purpose of the definition of “Change of Control”, “Control” means (i) the direct or indirect ownership or control of more than 50% of the outstanding voting securities of the Company; (ii) the ability to appoint or remove more than one-third of the directors of the board (or equivalent governing body) of the Company; (iii) the right to control the votes at a meeting of the board of

directors (or equivalent governing body) of the Company; or (iv) the ability to direct or cause the direction of the management and policies of the Company (whether by contract or howsoever arising).

Consequence of Default:

Following the occurrence of an Event of Default, the holders of the Convertible Notes will have the right, at the option of such holder of Convertible Notes, to require the Company to immediately redeem all of such holder's Convertible Notes at an amount equal to the higher of (i) 130% of the principal amount outstanding of the Convertible Notes to be redeemed; and (ii) 110% of the fair market value of the Convertible Notes.

Conversion Shares

Based on the Conversion Price of HK\$0.35 per Conversion Share, a maximum number of 1,444,857,142 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent: (i) approximately 412.76% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 80.50% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes in full.

Conversion Price

The Conversion Price of HK\$0.35 per Share represents:

- (i) a premium of approximately 22.81% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on 29 June 2021, being the date of the Subscription Agreement;
- (ii) a premium of approximately 20.69% to the average closing price of HK\$0.290 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Subscription Agreement; and
- (iii) a premium of approximately 19.25% to the average closing price of HK\$0.294 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the Subscription Agreement.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Hong Kong dollar equivalent to the principal amount of the Convertible Notes being converted shall be calculated by using the fixed exchange rate of HK\$7.78 per US\$1.00.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

REASONS FOR THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in the provision of Converged Mobile Multimedia Broadcasting and trading of printed circuit board materials. The Group is in the process of developing into a mobile multimedia service and technology provider, with a view of delivering low-cost and mass-market digital television and multimedia data services to mobile devices.

The large size Existing Convertible Notes liability (approximately seven(7) times of Company current market capitalization) and the exceedingly out-of-money Conversion Price (twenty-eight (28) times of current market spot price) are putting the Company in a real default prospect at Existing Convertible Notes maturity albeit it is in four years. This also hampers the Company's ability to access the normal credit and capital markets to engage in significant business expansion and development, hence putting the Company in the vicious cycle of limited cash flow and limited operation. To resolve the situation, and in light of the fact that the Company is in business development stage and will require ample long term capital support, both the Company and the major shareholder Chi Capital have reached this debt reduction agreement today so as to avoid the default prospect of the Company and continue to support Company's long term development. In particular: the Noteholder and the Company have agreed to fully set off and cancel the Existing Convertible Notes and replace it with a new issue to be fully subscribed by the Noteholder with the Conversion Price to be closed to the current market but the notional liability to be reduced by approximately 25.3% or US\$22million, a huge saving and windfall for the Company and its shareholders. The lower Conversion Price plus three additional years of extension to original maturity from today will ensure high probability the Convertible Notes to be converted into equity and hence cutting away the Company debt completely. In addition, the Subscription will greatly improve the Company balance sheet and enable it to access fresh financial opportunities to expand and develop in scale and scope to be a significant operating concern.

Far out-of-money conversion price makes it unlikely the Existing Convertible Notes will be converted and hence putting the Company in real default risk

As at the Latest Practicable Date, the Existing Convertible Notes aggregate outstanding principal amount is US\$87,000,000 (equivalent to approximately HK\$676,860,000) with maturity on 28 May 2025. This amount is about 677% of the Company's current total market capitalization (HK\$100million). The Existing Convertible Notes' Conversion Price is HK\$8.088, which represents almost a 2700% premium to the closing price of the Company's stock HK\$0.285 per Share as quoted on the Stock Exchange on 29 June 2021. Despite the maturity date of the Existing Convertible Notes is 28 May 2025, 4 years away, it is unrealistic to expect the Share price would rally 2700% and induce the Existing Convertible Notes to be converted.

Foreseeable company operating revenues not likely to support repayment

As disclosed in the annual report of the Company for the year ended 31 December 2020, the bank balances and cash of the Group for the year ended 31 December 2020 was approximately US\$447,000, which is insufficient to redeem the Existing Convertible Notes at its original maturity date. For the past two years, the Company's year-end cash balance hovers between US\$0.3 million to US\$0.4 million. Such amount represents only a small fraction of the outstanding amount of the Existing Convertible Notes. Although the Company remains optimistic of its businesses and it is planning to grow its operations, as explained in the annual report of the Company for the year ended 31 December 2020, there is little prospect the Company can generate nearly enough cash flow to repay the Existing Convertible Notes.

External financing to settle the Existing Convertible Notes, including bank borrowings, capital markets, and rights issue are unrealistic

In respect of bank borrowings, given the Company's profitability, cash flow, and financial position it is not likely to be able to access the normal banking credit or the debt capital markets for financing as it will probably not pass the necessary lending criteria risk assessment. It cannot demonstrate any meaningful cash flow support for a large scale financing needed for the Convertible Notes repayment. It is also impracticable for the Company to obtain financing from the debt capital markets on terms favourable to the Group in the absence of material assets as security, i.e., assets with significant income generating capability. Notwithstanding this, the Company did explore opportunities to seek for potential banking facility or bank loans and the Company has commenced to approach a number of financial institutions. However, the Company did not receive any positive response. It is also unlikely that such external financing, even possible, will be interest-free, like the Convertible Notes under Subscription.

In respect of equity financing such as large-scale rights issue and placement, taking into account of the financial performance of the Company, the small market capitalization and the thin liquidity of the Shares, there simply will be little interest from investors. Even if such exercises are possible, the subscription price would have to be set at a very large discount to the market price of the Shares in order to attract potential investors, and this which will be much more dilutive than the Subscription. Also, large-scale equity placements and rights issue are normally conducted on a best-effort basis, which provides little certainty as to the outcome, and the Company will need to undergo a much more complicated and longer process and at higher cost. For example, the Company will need to identify underwriter(s) and the placing agent and for the financial institutions to identify potential placees. The administrative costs involved will also be higher due to the need to issue prospectus and application forms and underwriting fee/placing commission would be incurred.

Large liability saddled on Company balance sheet with little repayment prospect hampers Company growth prospect

The Company's large Existing Convertible Notes liability with a lack of repayment prospect has rendered the Company de facto financially undesirable and steered away potential investors, who are worried that any significant investment into the Company to generate new business and profitability will be drained away by the Existing Convertible Notes liability. Hence, the Company is effectively shut out from many capital market opportunities to grow and expand business in scale and scope.

Subscription will reduce the Company liabilities by US\$22million and lowers Conversion Price to near market with maturity extension at zero interest coupon offers the most optimal solution to address the Company's problem quickly

As part of the negotiation, the Noteholder has agreed to waive US\$22million or approximately 25.3% of outstanding amount, hence reducing the liability of outstanding Convertible Notes from US\$87million to US\$65million. This haircut is equivalent to nearly 170% of Company's current market capitalization, which represents a huge saving and windfall for the Company and its shareholders. This haircut will allow the Group to release debt pressure and allocate its resources in developing its business. In addition, the Subscription has lowered the new Conversion Price to near the current market share price, and extends three more years to the original maturity for a total of seven years after the Subscription, these altogether would ensure a very high probability for the new Convertible Notes to be entirely converted into equity, and if not, ample time for the Company to generate resources to repay the remaining unconverted Notes, which has been reduced by \$22million after the Subscription. The zero coupon of the new Convertible Notes will also benefit the Company for paying no interest.

Based on the above, in particular that (i) the Group's weak financial position such as its loss-making in recent years and is in net current liabilities position; (ii) the Group is not expected to have sufficient internal resources to redeem the Existing Convertible Notes upon maturity; (iii) the Subscription reduces the indebtedness of the Group and provides it with an extension of time to repay its indebtedness which has a high likelihood to be eliminated due to conversion into equity; (iv) any other re-financing alternative in the scale of the Existing Convertible Notes is unrealistic and will impose far more burden on the Group; and (v) the Subscription is the most cost-effective way of raising capital and can be executed with relatively higher certainty, the Directors are of the view that the terms of the Convertible Notes are in the interests of the Company and its Shareholders as a whole and that the Subscription is the appropriate method to settle the Existing Convertible Notes held by the Noteholder.

The Convertible Notes bear similar salient features as the Existing Convertible Notes such as conversion restriction and essentially are an extension of the Existing Convertible Notes, except that the conversion price is adjusted to reflect the prevailing market price of the Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the Conversion Price (assuming that, there are no other changes to the issued share capital of the Company from the date of this announcement); and (iii) immediately after the allotment and issue of the Conversion Shares upon conversion of the Convertible Notes at the Conversion Price to the extent that Chi Capital will hold 29.99% of the enlarged issued share capital of the Company (assuming that, there are no other changes to the issued share capital of the Company from the date of this announcement):

	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the Conversion Price (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement (Note 2))		Immediately after the allotment and issue of the Conversion Shares upon conversion of the Convertible Notes at the Conversion Price to the extent that Chi Capital will hold 29.99% of the enlarged issued share capital of the Company (assuming that, there are no other changes to the issued share capital of the Company from the date of this announcement) (Note 2)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Chi Capital (Note 1)	44,569,268	12.73	1,489,426,410	82.98	130,859,000	29.99
Other public shareholders	305,483,064	87.27	305,483,064	17.02	305,483,064	70.01
	<u>350,052,332</u>	<u>100</u>	<u>1,794,909,474</u>	<u>100</u>	<u>436,342,064</u>	<u>100</u>

Notes:

1. Chi Capital beneficially owns 44,569,268 Shares and US\$87,000,000 Existing Convertible Notes. Chi Capital is beneficially owned by Mr. Wong. By virtue of the SFO, Mr. Wong are deemed to be interested in those Shares held by Chi Capital.
2. This is for illustrative purpose only as there are restrictions under the terms of the Convertible Notes that prohibit any conversion which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code or will cause the public float of the Shares to be less than 25% (or any given percentage under the Listing Rules).

PROPOSED USE OF PROCEEDS

Since the aggregate subscription price of US\$65,000,000 will be fully set off by the Existing Convertible Notes held by the Subscriber, there will be no additional cash or fund injected into the Company upon Completion.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fundraising activity in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds and Intended use of proceeds	Actual use of proceeds as at the date of announcement
24 May 2021	Placing of 58,342,055 new shares under general mandate granted by the Shareholders at the annual general meeting on 24 May 2021	Approximately HK\$20,343,279 for the repayment of advances from shareholders and general working capital for operations	<ul style="list-style-type: none">• Repayment of advances from shareholders of HK\$20,273,279• Administrative and other operations expenses of HK\$70,000.

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

LISTING RULES IMPLICATION

As at the date of this announcement, the Subscriber is a substantial Shareholder holding 44,569,268 Shares, represents approximately 12.73% of the issued share capital of the Company, which is in turn wholly-owned by Mr. Wong, the chief executive of the Group, an executive Director and the chairman of the Board, and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and are subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Wong has a material interest in the Subscription Agreement and the transaction contemplated thereunder, Mr. Wong has abstained from voting on the relevant Board resolution.

EGM

The EGM will be held and convened for the Independent Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). Any Shareholder who is interested in the Subscription shall abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save for Chi Capital and its associates, no Shareholder is interested in the Subscription and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transaction contemplated thereunder at the EGM.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder. Veda Capital has been appointed to make recommendation as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Subscription; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The despatch date of the circular is expected to be on or before 21 July 2021 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent set out in the Subscription Agreement. Each of the Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (not being a Saturday, Sunday or public holiday) on which banks are open for general banking business in Hong Kong and the PRC
“Chi Capital” or “the Subscriber”	Chi Capital Holdings Ltd, a company incorporated under the laws of the British Virgin Islands with limited liability, which is wholly-owned by Mr. Wong Chau Chi, the chief executive of the Group, an executive Director and the chairman of the Board
“Company”	CMMB Vision Holdings Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 471)
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	the conversion price of HK\$0.35 per Conversion Share

“Conversion Shares”	the Share(s) to be allotted and issued upon conversion of the Convertible Notes or otherwise pursuant to the terms and conditions of the Convertible Notes
“Convertible Notes”	the 7-year zero coupon unsecured unlisted Convertible Notes in the aggregate principal amount of US\$65,000,000 to be issued by the Company in accordance with the terms of the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder
“Existing Convertible Notes”	the 7-year zero coupon unlisted convertible notes issued by the Company on 29 May 2018 with an outstanding principal amount of US\$87,000,000 as at the date of the Announcement, which fall due on 28 May 2025
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the issue price of HK\$0.35 per Consideration Share
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to be established to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription
“Independent Shareholders”	Shareholders other than Chi Capital and the connected persons of the Company and their respective associates
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mr. Wong”	Mr. Wong Chau Chi
“Noteholder(s)”	the holder of the Existing Convertible Notes

“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s) ”	ordinary share(s) of par value of HK\$0.20 each in the share capital of the Company
“Shareholder(s) ”	the holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to allot and issue the Conversion Shares to be sought from the Shareholders at a EGM of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Convertible Notes by Chi Capital pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 June 2021 and entered into between the Company as issuer and Chi Capital as subscriber in relation to the issue of the Convertible Notes
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US”	the United States of America
“US\$”	US dollar, the lawful currency of US
“%”	per cent.

By order of the Board
CMMB Vision Holdings Limited

Wong Chau Chi
Chairman

Hong Kong, 29 June 2021

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