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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2020 AND BUSINESS UPDATE

References is made to the annual report of CMMB Vision Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2020 (the "**Annual Report**"). Unless otherwise stated, terms defined in the Annual Report shall have the same meanings when used in this announcement.

As disclosed on pages 16-19 of the Annual Report, given the disruptions of repacked station re-installation and COVID-19 on LPTV revenues, the management has assessed and revised its commercial operations and the expected cashflow and revenue streams associated with the business, hence, the impairment loss recognised on intangible assets for the year ended 31 December 2020 was approximately US$24,275,000 (2019: approximately US$16,933,000) as management of the Group determined that the recoverable amount is lower than the carrying amount of the cash generating units arising from intangible assets by reference to a value-in-use ("**VIU**") calculation, which has been consistently applied for the year ended 31 December 2019 and 2018 respectively.

As the outbreak and market recovery were something out of the Company's control and we were uncertain of its impact in the short to medium terms. The Board considered this is reasonable and necessary to reduce the capacity fill rates in evaluating impairment assessments in view of the current market conditions.

One of the key assumptions for the VIU calculations is the budgeted revenue, which assumes the current contracted capacity, that are currently under effective lease contract when preparing the VIU calculations, will continue under lease for the next three-years. In the first-year, the unutilised capacity will be filled at approximately 5% (2019: approximately 10%) increments per quarter. In the second-year and third-year, the unutilised capacity will be filled at approximately 10% (2019: approximately 10%) increments per quarter until it reaches an approximately 54% (2019: approximately 78%) filled rate in the third-year; a terminal-year fill rate of approximately 65% (2019: approximately 95%) was assumed for unutilized capacities.

In addition to the information disclosed in the Annual Report, the board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide the following additional information relating to the reasons for the change in capacity fill rates in impairment assessment.

The unutilised capacity fill rates assumed have 5% increment per quarter in the first-year, as it is estimated the US economy would grow steadily and recover due to the availability of vaccines. The estimated income from filling the unutilised capacity in the first-year will be approximately US$0.1 million or account for approximately only 10.1% of total estimated LPTV revenue for the first-year. It is estimated that the turnover in second-year will fill up at 10% each quarter and arrive at an average 30% of occupancy rate for the unutilised capacity. This is because after the completion of station upgrade into digital format, more TV Programmers are willing to take up the unused channels to increase their air-time. We were in discussion with certain programming partners during 2020 for a potential lease after the completion of digital upgrade, and they have expressed interest to fill up part of our unutilised channels. For the 54% filled rate in the third-year, it was estimated another TV programmer will be signing part of our unutilised channels. The total estimated LPTV revenue in third-year is estimated at approximately US$2.7 million, which is only accounted for approximately 75% of LPTV revenue compared to 2018 or pre-pandemic level. And the terminal-year fill rate was adjusted downward in view of the economic uncertainties and the change of circumstances since the publication of 2019 Results and the actual full year financial performance of LPTV in 2020. As mentioned above, such adjustments were related to the effect of the pandemic and uncertainty after the repack and digital upgrade. We have engaged an independent valuer to review our valuation of the TV spectrum and related calculations, including the valuation method adopted, inputs and assumptions etc, which are concurred by our independent valuer.

The outbreak of COVID-19 pandemic and its escalation to a global scale is already having an impact on the TV market in the U.S. Many TV service providers had prepared for revenue decline and were unwilling to sign up new supplier contracts like channel leasing, subject to low subscription rates and their advertising customers adopted survival plans by cutting their spending. The COVID-19 crisis has also dramatically disrupted the content pipeline of existing and potential lessee of the Company which are TV broadcasters. For instance, it has halted the production of all TV programs, except for some select live and news programming. This has caused many broadcasters to reduce their number of channels and conserve new episodes, filling time on their schedules by airing reruns. This is an indicator of the upcoming utilisation rate of the Company will not reach our target as previously planned.

The above additional information does not affect other information contained in the Annual Report and save for those disclosed above, all other information contained in the Annual Report remains unchanged.

Business update

CMMB Business

All our stations were affected by the repack and required to carry out the re-installation work, which include ordering new equipment and broadcasting in new frequencies over newly assigned geographical coverage contour, and in some cases physically moving to a new site location. At the end of August 2021, 5 LPTV stations (Miami, Houston, Los Angeles and two of the New York stations) had completed its required repacking and upgrading work, and the remaining stations (Atlanta, Dallas, Tampa and one of New York station) are expected to be completed by end of 2021. Therefore, the Company expects all the stations to be on-air in service by the end of this year. The process has been severely impacted by Covid, which in turn delayed equipment manufacturing, shipment schedules, engineering, installation, onsite building access, testing, and professional hiring, etc. Our problem by no means is unique, it is prevalent across the industry. As a result, the FCC has also been offering additional extension periods to stations when necessary. Due to there was delay of the upgrading process, after the Company reassess the fill-up rate of the unutilized channel capacity, and consider impact to the future revenue after reviewing the contract on hands and business development, impairment of US$8.7 million on the spectrum right has been recognised for the six months June ended 2021.

The Company is proceeding steadily in its re-installation effort, and it believes that the COVID-19 situation will eventually be under control and hence recovery of the economy, which witnessed the drop of US unemployment rate from over 14% in April 2020 to just 5.2% in August 2021. With targeted completion of the upgrading work of LPTV stations by late 2021, and gradual recovery of economy, the Company aims to restore our income to pre-pandemic levels and beyond within the coming year.

The upgrade also set the stage for ATSC 3.0, a new media standard that can allow for new services such as broadcasting of Internet content, live data service receivable by home and mobile, or car devices. While ATSC 3.0 device equipment and TV sets will still take time to proliferate across the consumer market, to stay ahead of the game, the Company has joint hand with NextGen TV developers by making available our channel capacity for certain ATSC 3.0 pilot services. The Company hopes to be an early mover in ATSC 3.0 services such as VOD streaming, carrier data offloading, and dedicated enterprise solutions, which in turn will help bring in new revenues.

The digital upgrade and its enhanced spectral efficiency of ATSC 3.0 will also enable us to accommodate more lucrative high-definition programming instead of the traditional standard-definition linear TV, hence the potential increase in revenue and profitability from more sophisticated programming.

With our new strategic partnership with a large local LPTV operator, we are seeing some success in accessing new businesses. We expect more non-traditional high-definition programmers will take up our upgraded channel capability in the months and years ahead.

Overall, with coming completion of station upgrade installation, economic recovery from Covid, new operating and marketing collaboration with local partners, as well as the potential new capabilities of ATSC 3.0 technology, we expect to be in a position to retore business with prior customers, bring in new flow with new customers, reduce overall maintenance cost through better economies of scale leveraging on partners, and we are optimistic of the CMMB business in the long-run.

Trading Business

The existing PCB trading has pandemic disruption while the business itself is becoming more and more competitive; there is a need to expand the trading horizon for the Group. Despite the recent and temporary downturn, the Company has maintained all its core capabilities, customer franchise, strong trading connections, and business network accumulated over the decades, it will continue to be a viable practitioner in the traditional PCB trading business.

The Group will extend into trading more sophisticated PCB hardware and solutions such as AI related digital electronic parts, which can also be leveraged on our diverse PCB experience and supply-chain network. AI related electronics products are estimated to experience rapid growth in today’s new digital and Internet age. The Company has spent ample time explored and examined the growth opportunities in AI related electronic materials, which have been mushrooming across the consumer market in the form of automobile electronics, smart TV-screens, toys, computers accessories and home appliances. Looking forward, there is growing demand for AI applications, whether for household or business or public-sector use. The Company has started branching its trading business into the AI related electronic material. To ensure our long-term sales growth can be achieved, we have already identified a pool of suppliers and customers and engaged in various relationship-building facilitate our entry into the new area. With increasing adoption of AI technology in our daily life, AI application hardware will proliferate in the market, hence our new trading business. Given our prior expertise, knowledge, platform, relationship in the electronic industry supply chain, we are confident that our expansion into the new trading area will bring positive impact on our operation and render us a competitive player in the AI-related PCB electronics.

Trading of AI related products has similar process as existing PCB trading business. The Company will source and allocate customer purchase order to suitable supplier and monitor the whole development and production process, albeit we might need more technology savvy employees. The Company has located at least 3 suppliers in southern China and at least 4 customers that would have constant need for AI-related component materials. While the Company is building relationship with the new business partners, it will proceed on a vigilant basis to avoid over-commitment while maintaining flexibility to adjust trading strategy to accommodate customer needs.

During the first half of FY2021, the Company was still trading of traditional PCB material only, and we expect to gradually launch the AI material trade in second half of 2021.

With reference to the Company announcement on 14 May 2021, the Company has conditionally agreed to acquire a controlling stake in International IT Hub Limited ("**IITH**"), an information technology solution provider who specialised in AI application for enterprise. After due diligence on IITH and considerations of the cost and benefit of the proposed acquisition, the Company is continuing the discussion and is nearing the final stage.

If there is any update on development of the business of the Group, further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
CMMB Vision Holdings Limited

Wong Chau Chi
Chairman

Hong Kong, 25 October 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 Jun, Mr. CHOW Kin Wing and Mr. TAM Hon Wah.