THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CMMB Vision Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

The circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of CMMB Vision Holdings Limited.

CMMB VISION

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)

(I) MAJOR AND CONNECTED TRANSACTION — ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF CMMB VISION (USA); (II) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONSIDERATION SHARES AND THE CONVERSION SHARES; (III) SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE; (IV) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT; AND (V) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

VEDA | CAPITAL
智略資本

A notice convening the EGM to be held at President Room, The American Club, Floor 48, Exchange Square Two, Central Hong Kong on 7 September 2012 at 2:30 p.m. is set out on pages 117 to 119 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

17 August 2012

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Set out below is the expected timetable for the implementation of the Share Consolidation and change in board lot size. The timetable is subject to the results of the EGM. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

Latest time for lodging form of proxy for the EGM . . . . 2:30 p.m. on Wednesday, 5 September 2012

Date of the EGM . . . . 2:30 p.m. on Friday, 7 September 2012

Announcement of results of the EGM . . . . Friday, 7 September 2012

The following events are conditional on the results of the EGM. The dates are therefore tentative.

Effective date for the Share Consolidation . . . . Monday, 10 September 2012

Dealing in Consolidated Shares commences . . . . 9:00 a.m. on Monday, 10 September 2012

Original counter for trading in Shares in board lot size of 2,500 Shares temporarily closes . . . . 9:00 a.m. on Monday, 10 September 2012

Temporary counter for trading in Consolidated Shares in board lot size of 250 Consolidated Shares in the form of existing share certificates opens . . . . 9:00 a.m. on Monday, 10 September 2012

First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares commences . . . . 9:00 a.m. on Monday, 10 September 2012

Original counter for trading in Consolidated Shares in board lot size of 5,000 Consolidated Shares in the form of new share certificates for Consolidated Shares reopens . . . . 9:00 a.m. on Monday, 24 September 2012

Parallel trading in Consolidated Shares in the form of new and existing share certificates commences . . . . 9:00 a.m. on Monday, 24 September 2012

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Monday, 24 September 2012
Parallel trading in Consolidated Shares in the form of new and existing share certificates ends	4:00 p.m. on Tuesday, 16 October 2012
Temporary counter for trading in board lot size of 250 Consolidated Shares in the form of existing share certificates closes	4:00 p.m. on Tuesday, 16 October 2012
Designated broker ceases to stand in the market to sell and purchase odd lots of Consolidated Shares	4:00 p.m. on Tuesday, 16 October 2012
Last day for free exchange of existing share certificates for new share certificates for Consolidated Shares	Thursday, 18 October 2012

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

"Acquisition"	the transactions contemplated under the Share Purchase Agreement
"Announcements"	the announcements of the Company dated 20 October 2011, 22 November 2011, 23 November 2011, 17 February 2012, 30 May 2012, 15 June 2012, 29 June 2012, 20 July 2012 and 3 August 2012
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"ATSC"	the Advanced Television Systems Committee, a group established in 1982, that developed the eponymous ATSC Standards for digital television in the United States
"Board"	the board of Directors
"Broadcasting"	The transmission of data and information from one emitting point to many receiving points simultaneously, i.e., receivers, a most efficient transmission method for mass media
"CBC"	中廣傳播 (China Broadcasting Company), the sole and official CMMB operator established by SARFT in the PRC
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chi Capital"	Chi Capital Holdings Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board
"CMMB"	China Mobile Multimedia Broadcasting, a digital mobile multimedia technology developed by China under the SARFT. It delivers digital mobile television via terrestrial and satellite network directly to all devices such as hand-phone, pocket television, lap-top, personal media player and global positioning system that are equipped with a CMMB-enabled chipset. It provides video, audio, and data broadcasting and downloading to mobile users anytime anywhere with virtually no bandwidth limitation at high quality and low cost, and can receive signals over 350 kilometer/hour without distortion

"CMMB International"	CMMB International Limited, a company incorporated under the laws of Hong Kong, a 65% non-wholly owned subsidiary of the Company which owns the global license of CMMB technology
"CMMB Vision (USA)"	CMMB Vision (USA) Inc., a company incorporated under the laws of Delaware, the US, which was 100% owned by Chi Capital immediately prior to the signing of the Share Purchase Agreement
"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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration Shares"	the 1,496,875,887 new Shares to be issued by the Company to Chi Capital as consideration for the Acquisition pursuant to the Share Purchase Agreement
"Consolidation Share(s)"	ordinary share(s) with a par value of HK$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Convertible Notes"	the notes with HK$45,785,596 in nominal value to be issued by the Company to Chi Capital as consideration for the Acquisition pursuant to the Share Purchase Agreement, convertible into the Shares at HK$0.033 per Share for a total of 1,387,442,303 new Shares
"Conversion Shares"	the 1,387,442,303 new Shares to be issued by the Company to Chi Capital as a result of the exercise of the conversion rights attached to the Convertible Notes
"Deshen"	北京德神互動文化傳媒有限責任公司 (Deshen (Beijing) Interactive Media Co., Ltd.), a company established under the laws of the PRC
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approve (i) the Share Purchase Agreement and Acquisition contemplated thereunder; (ii) the Share Consolidation; (iii) the Specific Mandate; and (iv) the refreshment of the Scheme Mandate Limit

"Enlarged Group"	the Group as enlarged by the Acquisition
"FCC"	the Federal Communications Commission, an independent agency of the US government
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Board Committee"	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Share Purchase Agreement, the Acquisition and the Specific Mandate
"Independent Shareholders"	the Shareholders other than Chi Capital, Mr. Wong Chau Chi and his associates
"IPTV"	Internet Protocol Television, a system through which television services are delivered using the internet protocol suite over a packet-switched network such as the internet, instead of being delivered through traditional terrestrial, satellite signal, and cable television formats
"Last Trading Day"	22 November 2011
"Latest Practicable Date"	17 August 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LTE-4G"	Long Term Evolution-Fourth Generation, the latest standard in mobile network technology, offering the fastest data speeds available, enabling to work and play faster and providing a platform for innovative applications
"MHz"	mega hertz

"OFDM"	Orthogonal Frequency-Division Multiplexing, a method of encoding digital data on multiple carrier frequencies, developing into a popular scheme for wideband digital communication, whether wireless or over copper wires, used in applications such as digital television and audio broadcasting, broadband internet access, wireless networks and LTE-4G mobile communications
"PRC" or "China"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SARFT"	國家廣播電影電視總局 (the State Administration of Radio, Film, and Television) of the PRC
"Scheme Mandate Limit"	the maximum number of Shares which may be issued pursuant to the exercise of share options granted under the Share Option Scheme or (following refreshment) the maximum number of Shares which may be issued pursuant to the exercise of share options granted under the Share Option Scheme following the date of refreshment of the Scheme Mandate Limit
"SFO"	Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Consolidation"	the consolidation of every ten (10) issued and unissued Shares into one (1) Consolidated Share
"Share Option Scheme"	the share option scheme of the Company adopted on 5 July 2005
"Share Purchase Agreement"	the sale and purchase agreement dated 22 November 2011 entered into between the Company as the purchaser and Chi Capital as the seller with respect to the sale and purchase of 51% of the equity interest of CMMB Vision (USA) as amended by two supplemental agreements dated 30 May 2012 and 17 August 2012, respectively, and entered into between the same parties
"Shareholder(s)"	holder(s) of the Share(s)

"Specific Mandate"	a specific mandate to be considered, and, if thought fit, granted by the Shareholders to the Board to issue the Consideration Shares and Conversion Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"TiMi Technologies"	TiMi Technologies Co., Ltd (北京泰美世紀科技有限公司), a company established in the PRC under the Academy of Broadcasting Science (廣播科學研究院) under SARFT
"TV"	television
"UHF"	Ultra High Frequency designates the radio frequency range of electromagnetic waves between 300 MHz and 800 MHz, which is the most efficient band used widely to carry broadcast television signals
"Unicast"	The transmission of data and information from one emitting point to another receiving point, a one-on-one communication method typically used in all two-way technologies such as 2G, 3G
"US"	the United States of America
"US$"	United States dollars, the lawful currency of the US
"Veda Capital"	Veda Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transaction contemplated therein
"WiMax"	an alternative to 4G, based on the Institute of Electrical and Electronics Engineers ("IEEE") 802.16(e) standard, which can provide wireless internet connectivity. However, its wireless connectivity is localized
"3G"	third generation mobile technology, which can deliver mobile phone calls (voice) and mobile internet data. It is a digital communication (i.e., two-way) technology and hence unicast in nature, which limits its ability to deliver massive data and content to all users at once
"%"	per cent.

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)

Executive Directors:
Mr. WONG Chau Chi *(Chairman)*
Dr. LIU Hui *(Vice-chairman)*

Non-executive Directors:
Mr. CHOU Tsan-Hsiung
Mr. YANG Yi

Independent non-executive Directors:
Mr. WANG Wei-Lin
Mr. LI Shan
Dr. LI Jun

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681,
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
1701-1702, 17/F.
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3A Chater Road, Central
Hong Kong

17 August 2012

To the Shareholders,

Dear Sir or Madam,

(I) MAJOR AND CONNECTED TRANSACTION — ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF CMMB VISION (USA);
(II) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONSIDERATION SHARES AND THE CONVERSION SHARES;
(III) SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE;
(IV) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT;
AND
(V) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcements.

On 22 November 2011, 30 May 2012 and 17 August 2012, the Company and Chi Capital entered into the Share Purchase Agreement, pursuant to which the Company as the purchaser has conditionally agreed to purchase, and Chi Capital as the seller has conditionally agreed to sell, 51% of the equity interest of CMMB Vision (USA). The Acquisition will give the Company the necessary capabilities to become a vertically integrated multimedia service operator with proprietary technology, network, and content platform to deploy and deliver CMMB-based mobile entertainment and data services in the international marketplace starting with the US, the largest media and internet market in the world, and at the same time provides a platform for the Company to promote Chinese media culture and technology overseas.

Digital technology and smart devices proliferation have created explosive demand for online entertainment in the US, as evidenced by the recent moves of Sony, Amazon and Google venturing into develop IPTV business. According to an industry report issued by CISCO Systems , mobile data traffic between 2011 and 2016 is forecasted to grow by 18 times, and according to another industry report issued by Gartner, revenue generated from mobile data is forecasted to grow from US$ 314.7 billion as of 2011 to US$ 552 billion by 2016. The current mobile traffic has already overwhelmed the existing network capacity and created numerous delivery bottlenecks. CMMB is a new generation delivery network independent of the current delivery platforms such as cable, IPTV, 3G and 4G (the fourth generation mobile technology) delivery networks, yet with unmatched high-mobility and low-cost advantages. It is expected to play an integral role in accommodating the growing US mobile data market in the years to come.

The Acquisition will give the Company: (i) a digital terrestrial television platform in New York City with four UHF television stations totalling 24 MHz in spectrum bandwidth capable of broadcasting 24 digital channels covering New York City, which can be used for developing CMMB network or traditional terrestrial free-to-air boardcast TV network, and a complementing Flex-Use (operation of broadcasting technology standard in UHF TV network in the US other than the currently approved ATSC standard) 6 MHz UHF spectrum network in Richmond, Virginia; (ii) a portfolio of next generation broadcast-broadband technologies for CMMB-LTE(4G) convergence; and (iii) the opportunities to form potential strategic and operating partnerships with leading US media and technology companies.

The Acquisition, combined with the Company's existing platform, capabilities and ecosystem support from China and US will enable the Company to develop the next-generation broadcast-broadband convergent network to deliver seamless wireless and mobile video and Internet-based entertainment and data services to the mass public with cost and mobility advantage that cannot be met by conventional mobile networks.

After the completion of the Acquisition, the Company intends to develop a trial network for CMMB mobile video and data delivery service, starting with Richmond, Virginia, and then commercial trial network in New York City, through partnerships with US operators and Chinese technology providers, where the Company hopes to test various business models and technology solutions to prepare for the eventual nationwide deployment.

The deployment of CMMB in the US will also validate the CMMB technology as an international technology and the Company intends to use the US market as the foundation for technology transfer and globalization of the CMMB.

After the Acquisition, the Company also intends to operate a multi-channel free-to-air traditional terrestrial television network in New York City. This operation will enable the Company to quickly generate revenue from both traditional and innovative video broadcast services which at the same time complement the future CMMB mobile television services.

Developed by TiMi Technology of SARFT through Sino-US collaboration, CMMB is the most advanced OFDM based mobile digital broadcasting technology that enables the most spectrum-efficient delivery of wireless and mobile content to an unlimited number of viewers and listeners. It has been commercialized in over 330 cities in China with the world's largest technology and vendor ecosystem in support.

The Company, through CMMB International, a subsidiary of the Company, owns the exclusive international development and licensing rights of CMMB technology outside of the PRC and has partnerships with SARFT, Motorola, and other industry leaders from the CMMB ecosystem to promote CMMB technology and services globally. The Acquisition is a cornerstone of the Company's internationalization efforts.

The consideration for the Acquisition is valued at HK$95,182,500, which will consist of a combination of the Consideration Shares and the Convertible Notes to be issued by the Company to Chi Capital. The Consideration Shares will be issued at an issue price of HK$0.033 per Share, to be credited as fully paid, of a total of 1,496,875,887 Shares with an aggregate value of HK$49,396,904; and the Convertible Notes will be issued with the nominal value of HK$45,785,596, which are convertible into the Shares at a conversion price of HK$0.033 per Share for a total of 1,387,442,303 Shares.

Assuming no further Shares will be issued prior to completion of the Acquisition, the Consideration Shares represent approximately 31.07% of the entire issued share capital of the Company immediately prior to such issuance and approximately 23.70% of the entire share capital of the Company as enlarged by such issuance. Upon issuance, the Consideration Shares will rank *pari passu* with all the then existing Shares in issue. An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

For illustration purpose only, in the event that the Convertible Notes were fully converted, the Conversion Shares will represent approximately 28.80% of the entire issued share capital of the Company as at the Latest Practicable Date, approximately 21.97% of the entire issued share capital of the Company immediately upon completion of the Acquisition (assuming that other than the Consideration Shares, no further Shares will be issued prior to completion of the Acquisition) and approximately 18.01% of the entire issued share capital of the Company as enlarged by the issuance of the Consideration Shares and the Conversion Shares on a fully diluted basis. Nevertheless, pursuant to the terms of the Share Purchase Agreement, Chi Capital will only be able to convert the Convertible Bonds up to 29.99% of the issued share capital of the Company from time to time (or other maximum threshold as permitted under the Takeovers Code would not trigger mandatory general offer obligation on the part of Mr. Wong, Chi Capital or parties acting in concert with them). Upon issuance, the Conversion Shares will rank *pari passu* with all the then existing Shares in issue. An application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

The share issuance price of the Consideration Shares and the Conversion Shares of HK$0.033 per Share represents (i) a premium of approximately 6.5% to the closing price of HK$0.031 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) equal to the average closing price of HK$0.033 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day; (iii) a discount of approximately 2.9% to the average closing price of HK$0.034 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and (iv) a discount of approximately 38.9% to the average closing price of HK$0.054 per share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Latest Practicable Date.

As the consideration for the Acquisition will be satisfied by way of the Company issuing the Consideration Shares and the Convertible Notes, the Company will seek the grant of Specific Mandate from the Shareholders to allot and issue the Consideration Shares and issue the Convertible Notes.

In addition, on 20 October 2011, the Company announced its intention to consolidate the Shares and change the board lot size for trading in the Shares. The Board proposes a ten for one consolidation for the Shares in order to increase the nominal price of the Shares. The Board noted that, when the price of Shares is below HK$ 0.1 per Share, it is excessively prone to speculative trading, which is not conducive to building an institutional investor base for the Company to support its long term development and business expansions of the Company. In connection with the Share Consolidation, the Board also propose to change the board lot size from 2,500 Shares per board lot to 5,000 Consolidated Shares per board lot. The Directors believes the Share Consolidation and change in board lot size of the Shares would help to reduce volatility of the Shares.

Furthermore, in order to give the Company more flexibility in providing incentives to engage and reward eligible participants for their contribution to the group, the Company proposes to seek approval from Shareholders on the refreshment of the General Scheme Limit.

The purpose of this circular is:

1. to provide you with further information on the Share Purchase Agreement, the Acquisition, the proposed grant of the Specific Mandate, the Share Consolidation, the change of the board lot size, and the refreshment of the Scheme Mandate Limit;

2. to set out the advice of Veda Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the Acquisition;

3. to set out the recommendation of the Independent Board Committee in respect of the Share Purchase Agreement and the Acquisition; and

4. to give you notice of the EGM.

2. MAJOR AND CONNECTED TRANSACTION

A. *The Share Purchase Agreement*

The major terms of the Share Purchase Agreement and the Convertible Notes to be issued thereunder are summarised below:

I. *The Share Purchase Agreement*

Date:	22 November 2011, 30 May 2012 and 17 August 2012.
Parties:	(i) Chi Capital, as the seller; and (ii) the Company, as the purchaser.
Subject Matter:	Pursuant to the Share Purchase Agreement, Chi Capital agreed to sell and the Company agreed to purchase 51% of the equity interest of CMMB Vision (USA).
Consideration:	The consideration payable to Chi Capital under the Share Purchase Agreement is HK$95,182,500, which was determined based on arm's length negotiation between the parties thereto by taking into account, among other things, market comparables, replacement costs, operation readiness and growth potentials of CMMB Vision (USA).
Payment:	*Consideration Shares*: HK$49,396,904 of the consideration payable for the Acquisition will be paid by way of the Company issuing 1,496,875,887 new Shares at an issue price of HK$0.033 per Share. The shares upon issuance is transferable as other company *pari passu* common Shares *Convertible Notes*: the remaining amount of HK$45,785,596 of the consideration payable for the Acquisition will be paid by way of the Company issuing the Convertible Notes.
Conditions Precedent:	Completion of the Share Purchase Agreement is conditional upon, among other things, (i) satisfactory due diligence on CMMB Vision (USA) by the Company; (ii) respective approvals from the board and/or the shareholders of the Company and Chi Capital where applicable; (iii) approvals by relevant regulatory bodies, including approval for listing of and permission to deal in the Consideration Shares and the Convertible Shares being granted by the Stock Exchange.

II. *The Convertible Notes*

Coupon rate:	The Convertible Notes are not interest bearing
Total principal amount:	HK$45,785,596
Maturity date:	3 years from the date of issue of the Convertible Notes
Initial Conversion Price:	HK$0.033 per Conversion Share, subject to adjustment for, among other things, anti-dilution as stated below.
Number of Conversion Shares to be issued:	Upon full conversion of the Convertible Notes, a maximum of 1,387,442,303 Conversion Shares (subject to adjustment) will be issued, representing approximately 28.80% of the issued share capital of the Company as at the Latest Practicable Date and approximately 18.01% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares immediately after the completion of the Share Consolidation. Solely for illustration purposes only, upon conversion of the Convertible Notes by chi capital in full, the aggregate shareholding of chi capital and its associate aggregate shareholding in the Company will be increased from 27.53% to 40.58%. Nevertheless, the conversion rights of the holder(s) of the Convertible Notes is subject to the restrictions as stated below.
Conversion Restrictions:	Holders of the Convertible Notes shall not be entitled to exercise the conversion right to convert any part of the outstanding principal amount of the Convertible Notes into new Shares if such conversion will cause (i) the public float of the Company to fall below the minimum public float requirement under Rule 8.08 of the Listing Rules (the "**Minimum Public Float**") or (ii) the aggregate shareholding interest to be held by the such holder(s) of the Convertible Notes in the Company upon such conversion, together with the shareholding interest in the company held by parties acting in concert with it (the "**Aggregate Beneficial Interest**"), to become equal to or exceed 30% of the total Shares in issue or any other threshold which will trigger the obligation on the part of the holder of the Convertible Notes to make a mandatory general offer pursuant to the Hong Kong Codes on Takeovers and Mergers (the "**Conversion Threshold**") following such conversion.

If:

(i) the principal amount specified in the conversion notice given by holder(s) of the Convertible Notes to be converted into new Shares will effectively cause the public float of the Company to fall below the Minimum Public Float; or

(ii) the Aggregate Beneficial Interest shall be equal to or exceed the Conversion Threshold,

the Company shall only be obliged to convert such principal amount of the Convertible Notes to the extent that such conversion will not result in (i) the public float of the Company to fall below the Minimum Public Float, or (ii) the Aggregate Beneficial Interest becoming equal to or exceeding the Conversion Threshold.

Transfer Restriction: Other than transfers to a wholly-owned subsidiary of the holder of the Convertible Notes, i.e. Chi Capital, the Convertible Notes may not be assigned or transferred without the prior written consent of the Company, subject to compliance of the conditions of the Convertible Notes and further subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations.

Voting right: Holder(s) of the Convertible Notes will not have voting rights at any shareholders meetings of the Company by reason only of being holder(s) of the Convertible Notes.

Redemption: The outstanding Convertible Notes may be redeemed by the Company at anytime from the date of issue to the Maturity Date at the principal amount.

Anti-dilution:	The initial conversion price of HK$0.033 per Share is subject to adjustments in the case of customary anti-dilution events, including, among others, (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; and (v) any other event or circumstance which would have an analogous effect to any of the foregoing. The Company will make an announcement when there is any adjustment to the conversion price of the Convertible Notes.

III. *General Information relating to the Consideration Shares and the Conversion Shares*

Listing of the Convertible Notes:	No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange.
Ranking of the Consideration Shares and Conversion Shares:	Upon issuance, the Consideration Shares and the Conversion Shares will rank *pari passu* with all the then existing Shares in issue.
Listing of the Consideration Shares and the Conversion Shares	Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the Consideration Shares and the Conversion Shares.

B. ***Reasons For and Benefits of the Acquisition***

I. *Commercialization of CMMB in the US Market*

As the largest Internet and media market, the US has the most pressing need for mobile broadband due to exploding mobile video and data consumption. Mobile data traffic is expected to grow by 25 times between 2010 and 2015, mostly driven by video demand, which will outstrip the system capacity of both the wired and wireless networks. The major markets are already experiencing access bottlenecks and degraded services. The current situation is mainly caused by the widely shared demand for the most popular video contents, which only amounts to approximately 5% to 10% of the available video contents, are being frequently downloaded by 75% to 90% of internet users. The replication of the same content by individual users create a tremendous and repetitive session-oriented ("unicast") traffic clogging up of the internet access networks. This behavioural pattern makes the CMMB broadcasting architecture the ideal technology solution to address this problem. CMMB content delivery network can effectively broadcast the most popular content simultaneously to all users and hence can satisfy consumer needs while vastly reducing the congestion caused by unicast video traffic over the public Internet. The Directors believe the capability of CMMB to multicast makes it the most suitable technology to solve such "common traffic bottleneck" and the growth potential of the technology is immense.

Having successfully acquired a controlling stake in CMMB International, which holds the exclusive international development and licensing rights of CMMB technology outside the PRC, in 2011, the Directors believe combining that with the proposed Acquisition the Company will be able to have a complete platform, i.e. with the necessary licensing, spectrum network and partnerships to deploy and operate CMMB services and capture the biggest market in the world, starting with New York City, and eventually reaching nationwide.

II. *Paving the Way for CMMB Globalization*

The deployment of CMMB in the US will also validate the CMMB technology as an international technology and allow the Company to use the US market as the foundation for global technology transfer and deployment.

III. *Entering Terrestrial TV Broadcasting Service in New York:*

The Acquisition of CMMB Vision (USA) will also give the Company an existing operation of a free-to-air TV network in New York, the world's largest and most international media market, which is immediately revenue generating. In addition, the network will provide terrestrial TV coverage that complements CMMB mobile coverage and help the Company jump-start a multimedia content aggregation platform.

C. ***Shareholding Structure upon Completion of the Acquisition***

For illustration purposes, the shareholding structures of the Company immediately before and after completion of the Acquisition and the conversion of the Convertible Notes are set out below:

As at the Latest Practicable Date:

Name of Shareholder	**Number of Shares held**	**Percentage of shareholding**
Chi Capital and its associates *(Note)*	241,702,500	5.02%
Public shareholders	4,576,519,500	94.98%
Total:	4,818,222,000	100.00%

Immediately upon completion of the Acquisition:

Name of Shareholder	Number of Shares held	Percentage of shareholding
Chi Capital and its associates *(Note)*	1,738,578,387	27.53%
Public shareholders	4,576,519,500	72.47%
Total:	6,315,097,887	100.00%

Immediately upon conversion of the Convertible Notes up to the upper limit allowed under the Share Purchase Agreement:

Name of Shareholder	Number of Shares held	Percentage of shareholding
Chi Capital and its associates *(Note)*	1,960,431,500	29.99%
Public shareholders	4,576,519,500	70.01%
Total:	6,536,951,000	100.00%

Note: Chi Capital is 100% beneficially owned by Mr. Wong Chau Chi, the chief executive officer of the Group, an executive Director and the chairman of the Board.

Immediately upon completion of the Acquisition and upon issuance of the Consideration Shares, the aggregate interest of Chi Capital and its associates will be 27.53% of the entire issued Shares of the Company, which is less than 30%. Accordingly, It is not expected that the Company will have a controlling shareholder immediately upon completion of the Acquisition.

D. ***General Information on CMMB***

I. *Overview*

CMMB is a digital broadcasting technology that can be used for delivering mobile Internet data, TV and video. It is a technology developed in the PRC based on the Orthogonal Frequency Division Multiple Access ("OFDMA"), the same core technology used in 3G, WiMax and 4G. CMMB differs from the conventional mobile data network such as 3G cellular systems, which adopts a two way, one-to-one (unicast) data delivery architecture, while CMMB adopts a one way, one-to-many broadcasting (multicasting) delivery of data.

Such technology tremendously increases spectrum efficiency as the same digital content can be transmitted to an unlimited number of receivers on minimal spectrum resources. It is ideal for broadcasting of widely interested digital content such as live television programs. CMMB can also be differentiated from other competing technologies such as MediaFLO, mobile broadcasting technology developed by Qualcomm Technology of the US, and DVB-H (Direct Video Broadcasting — Handheld developed by Nokia) in the following areas:

(a) CMMB can deliver digital content via both terrestrial and satellite transmissions. By contrast, MediaFLO can only transmit through terrestrial means; and

(b) while DBV-H could also be transmitted by both terrestrial and satellite, its lack of ecosystem support, which has translated into high infrastructure cost as well as limited and expensive consumer devices and network equipment, has limited its presence in the market.

All CMMB-enabled consumers electronic devices such as handsets, tablets, laptops, or dongles can enjoy the CMMB service. CMMB service can also be bundled with 3G and WiMax so that endless multimedia content such as video, live-TV, and data-intensive applications from the Internet can be separately downloaded to the same device integrating with the broadband communication service adjacent to its communication service.

China, under the sponsorship of SARFT, has adopted the CMMB technology as the national mobile TV standard and has created the world's largest network and ecosystem and supply chain to support the commercialization of CMMB. Currently, CMMB is operated by CBC, a state owned enterprise under SARFT, and has been deployed in over 330 cities in China. At present, CMMB is primarily deployed to deliver mobile video content in the PRC. According to the recent announcements made by CBC, there are currently 10 million paying subscribers. Based on publicly available information, a subscriber base of such size is generating subscription revenue of approximately RMB120 million. CBC also generates income through (i) the sale of conditional access chips which are required for decoding of data transmitted to CMMB equipped devices such as handsets; (ii) advertisement from free-to-air TV programs transmitted through CMMB technology; and (iii) provision of various innovative value-added services such as electronic newspaper and global position system (GPS).

At present, the mobile TV market in the PRC is dominated by 3G technology, which is expensive and not scalable for meeting the market demand for video downloads and data streaming. The introduction of CMMB has brought about the bundling of 3G and CMMB services, which are offered as a 3G-CMMB service package jointly by China Mobile, the country's largest mobile operator, and China Broadcasting Corporation ("CBC"), the country sole CMMB network operator. The services allow mobile users to enjoy virtually unlimited mobile TV streaming via CMMB network and high-speed Internet communication via the 3G network. It is expected that the market share of mobile TV and video downloads in China for CMMB will increase significantly in the foreseeable future as the CMMB service market matures further.

The CMMB technology its supporting ecosystem are ready for immediate deployment in markets with 8 MHz UHF spectrum standard, which is the case for most Asian and Middle Eastern countries. The Company has recently developed the 6 MHz version of CMMB chipsets together with TiMi Technologies to facilitate the deployment of CMMB technology in the US and Canada and other American countries, most of which adopt the 6MHz spectrum standard. The 6 Mhz chipset is the core component for driving the entire CMMB product and market development platform in the US as well as in other 6 MHz international markets. The chipset is being incorporated by leading Chinese technology providers into a wide range of existing CMMB products, including smartphones, tablets, external cards such as dongles, mobile TV receivers, and business systems. These are expected to be ready in the near future to support the Company's CMMB trial network and eventually commercial deployment in the US.

II. *Research and Development*

The Company has a strong research and development team under the leadership of Dr. Liu Hui, an executive Director and the vice-chairman of the Board, who is one of the principal initial developers of CMMB. Dr. Liu is also one of the principal developer of other mobile technologies such as TD-SCDMA and TD/LTE. He is participating in the Working Group of Next Generation Broadcasting—Wireless and Triple Convergence (the integrated network for Internet, telecommunication and television broadcasting) led by SARFT. He is also a member of ATSC TG3 Working Group in the US helping develop the next generation US television technology standard. In addition, he has formed partnership with many Chinese technology providers working towards the development of CMMB and 4G/LTE convergence.

III. *Competition Environment*

While there are other competing technology solutions that can also deliver mobile video and entertainment services, the Directors consider that CMMB is by far the most robust technologically. It has the only scalable and mature global supply-chain and ecosystem supporting due to its vast commercialization in China, hence putting CMMB far ahead of its competitors in terms of readiness and timing for mass market adoption and commercialization. Furthermore, CMMB is already evolving to its next generation under the Next Generation Broadcasting — Wireless initiatives, which will have even more advanced functions to maintain CMMB's technology edge.

IV. *Management Expertise*

The Company has a management team comprising renowned technologists, managers, and entrepreneurs in the industry. Set out below are the background and experience of the core management team of the Company:

Dr. LIU Hui, chief technology officer: Dr. Liu is one of the world's leading telecommunications engineers and inventors. He was the primary inventor of 18 granted or pending telecommunications patents, including more than half a dozen of patents in the core OFDM technology that underlies LTE, Mobile WIMAX and CMMB. He developed CMMB, which had its inaugural launch at the 2008 Beijing Olympics and is now being used in 330 cities in the PRC. As an international renowned telecomm expert, he is also one of the original designers of TD-SCDMA (China's self-developed 3G standard) and a pioneer of OFDMA mobile networks. Dr. Liu holds a BS degree in Electrical Engineering from Fudan University and a PhD degree from University of Texas at Austin. His research interests include broadband wireless networks, array signal processing and applications, and multimedia signal processing. He has received a number of awards, including a Fellow of IEEE (Comm. Society), the 1997 National Science Foundation (NSF) CAREER Award, the ONR Young Investigator Award, and the Chinese Gold Prize Patent Award for his contributions to TD-SCDMA. Mr. Liu is representing the Company as a key member in the Next Generation Broadcasting — Wireless Working Group in China, which is the comprehensive technology platform for the next generation CMMB and China's triple network convergence (i.e. internet, broadcasting, telecom) initiative.

Mr. WONG Chau Chi, chief executive officer: Mr Wong has extensive experiences in finance, technology, and industrial management. He engineered the restructuring and reorganization of Global Flex Holdings Ltd., a manufacturing company, into CMMB Vision, a market leader in the development and operation of state-of-the-art mobile multimedia technologies tailored to the internet age. Mr. Wong is also the founder and managing director of Chi Capital, a securities and private equity group. He also worked as the business head for derivatives and securities departments of Goldman Sachs, Citibank, and BNP Paribas, and business and financial management departments of General Electric and McKinsey. Mr Wong graduated from Pomona College with a BA Degree in Economics and International Relations and JF Kennedy School of Harvard University with a master's degree in Public Policy. Mr. Wong was also matriculated at the St. Antony's College, Oxford University for its Political History Program.

Mr. Ted PIERSON, acting general counsel: Mr. Pierson is the general counsel of the Company. He was previously the general counsel of CTB Group, Inc. and the president of several of its affiliated companies, the principal one of which was CTB Spectrum Services, LLC. He has been a regulatory and business attorney in the telecommunications and broadcasting industries for over 30 years. For the last 20 years, he has also been a telecommunications entrepreneur, co-founded a US-based public fixed wireless company and founding and serving as CEO of a similar company in the Republic of Poland and a domestic neutral tandem switching company.

E. ***Future Plans in Relation to the Company's CMMB Business***

The Company's future business plans are as follows:

1) Integrate the US and China Platforms: The Company will integrate its CMMB technology, multimedia operating experience, chip-making capability in China with the spectrum capacity and business platform in the US to create a vertically integrated platform for deploying and operating CMMB services in the US.

2) Leverage US and Chinese Ecosystem Support: The Company will procure support from the vast and mature Chinese CMMB ecosystem to help with its CMMB network deployment, system integration and device supply in the US.

3) Partner with US domestic mobile operators and Internet content providers to access existing customer franchise and speed up the deployment and commercialization of the CMMB services.

4) Build up trial network in Richmond, Virginia and prepare for commercial network in New York to validate technology solutions and business models as a way to pave for nationwide deployment.

5) Promote and harmonize CMMB with US TV standard ATSC for cross-operability and ecosystem adoption and facilitate the development of a common global standard.

6) Use the US market as the foundation for global CMMB technology transfer and deployment.

F. ***Information on CMMB VISION (USA)***

I. *Background Information*

CMMB Vision (USA) was incorporated in Delaware, US as a limited liability company and was 100% owned by Chi Capital Holdings Ltd immediately prior to the signing of the Share Purchase Agreement. CMMB Vision (USA) owns four TV channels, which are Channel 26 (WRNN), Channel 32 (WXNY), Channel 35 (WNYX), and Channel 43 (WNXY) respectively, which in turn represent 24 MHz in UHF spectrum capacity with 24 digital channels covering New York City. The spectrum can be used to develop CMMB mobile TV network and traditional free-to-air terrestrial TV network. In addition, CMMB Vision (USA) owns a portfolio CMMB - 4G/LTE convergence technologies which can enable the development of a hybrid CMMB broadcasting (one-to-many) and a 4G/LTE cellular unicast (one-to-one) communication network than can provide a combination of high-speed Internet coupled with virtually unlimited mobile video and data download. The technologies are under filing for patents in the US for the global use.

The original cost of the setting up of CMMB Vision (USA) is about US$ 50,000, being fees paid for professional services, such as legal services and corporate services, and was incurred by Chi Capital. There is no addition investment into CMMB Vision (USA) afterwards.

The spectrum capacity of CMMB Vision (USA) is acquired through a capacity leasing agreement with New York Spectrum Holding Inc., a company incorporated in the United States of America which is the holder of the spectrum licenses. It was set up to own and operate TV spectrum in New York and acquired the spectrum from Island Broadcasting Inc., which is an operator and owner of multiple TV spectrum and channels in New York in 2011 with approval from the FCC. New York Spectrum Holdings Inc. in turn is a 100%-owned subsidiary of New York Broadband Holding Inc., an investment holding company, in which Chi Capital owns an indirect equity interest of 15% as a passive investor and at the same also a creditor. Chi Capital has no board seat and is not involved with management of New York Spectrum Holdings Inc.. Save as the above, the Company and its connected persons have no other relationship.

Entered on 21 February, 2012, the spectrum lease agreement stipulated a 20-year leasing term under which CMMB Vision (USA) would make monthly lease payment of a small nominal amount, which is substantially below the market rate of approximately US$ 20,000 per month per digital channel as provided by brokers and dealers of spectrum trading, which means a theoretical total lease value of US$ 5.76 million per annum for all 24 of CMMB Vision (USA)'s channels.

II. *Nature of Business Operation*

As radio frequency spectrum can be deployed to deliver information through different technologies depending on the infrastructure and equipment put in place, it can be used to for traditional terrestrial television broadcasting as well as and for broadcasting of mobile video and data through CMMB. Accordingly, the Company is planning a two-prong approach to its CMMB Vision (USA) business operation: 1) Developing a CMMB service network, 2) developing a free-to-air TV broadcast network.

1. *Developing CMMB Network Service*

a. Business Rationale:

i. The spectrum capacity holds the necessary radio frequency for the Company to develop a CMMB-based mobile video and data delivery network tailoring to mobile Internet entertainment in the US. The network development will involve a large amount of work in terms of procurement of network equipment and system integration, which the Company has been arranging with Chinese and US ecosystem vendors. The Company intends build a the first CMMB commercial network in New York and use it a platform to expand to other US markets nationwide through partnership and franchising with local operating partners.

ii. The proliferation of smart mobile devices such as iPhones and Tablets have shifted consumer demand for entertainment from the traditional home screen to the mobile screen, and hence to the Internet, which in turn has propelled demand for mobile data download from the Cloud. The data traffic is fast outstripping mobile network capacities and causing crippling bottlenecks and bandwidth shortage for conventional cellular networks such as 3G.

iii. Exacerbating the crunch is consumer's behavior for common contents. Typically 5%-10% of the Internet contents are downloaded by over 75% to 90% of Internet users, mostly data-intensive videoes. Such common and repetitive download is causing congestion in the mobile network. Conventional unicast-based cellular networks cannot possibly accommodate such data traffic. A data delivery architecture that can combine Internet access (two-way) with one-way intensive data download to a vast number of consumers simultaneously is necessary. Hence the CMMB broadcasting network overlaying with existing cellular unicasting network is a most viable technology solution for the near term.

b. Network Deployment

i. The Company intends to build out a CMMB network in New York, initial a stand alone broadcasting network, later converging with 3G or 4G LTE operators. It intends to develop New York as the first commercial market and roll out to other US cities gradually and eventually nationwide by means of business partnerships and alliances with US media and mobile operators.

ii. The construction of the network will require extensive equipment supply and system integration, which the Company is in the process of procuring. To speed up, the Company will leverage on resources and relationships with ecosystem partners in China and alliances in the US to create an end-to-end deployment solution for the CMMB network in New York. The initiatives include:

(a) Pioneering the 6-MHz chipset to jump-start manufacturers participation in supplying CMMB consumer terminal devices to US,

(b) Procuring a master contractor responsible for the end-to-end deployment of network and system integration,

(c) Entering into local partnerships with mobile and media operators to short cut CMMB programming and service development,

(d) Deploying trial network in Richmond to invite FCC and industry groups participation in order to promote support for CMMB and speed up regulatory approval, and,

(e) Lining up financial investors for their capital commitments in support of the Company's US efforts.

With such efforts, the Company envisions the CMMB network in New York can be deployed and start to service within two years.

c. Cost Structure

Capital

The expenditures for CMMB network deployment

i. mainly comprise of equipment, software, and engineering and labor cost for system integration.

ii. Operating costs primarily comprise of on-going maintenance, marketing, R&D cost and administrative cost.

iii. CMMB Vision (USA) intends to minimize such costs through joint-ventures with partners whose operating platform can be readily leveraged on. As a result, it does not expect to incur substantial fixed costs like many other start up network companies due to a large permanent workforce and extensive in-house overheads.

iv. The estimated capital expenditure for building CMMB network in New York will be approximately US$ 30 million. The operating cost is estimated to be approximately US$ 4 million per annum. To finance the build-out, the Company intends to raise funds through equity financing, vendor financing, bank lending, and revenue stream from the New York TV broadcasting service

d. Business Model

i. The primary business model is to offer mobile video subscription service to consumers by partnering with Internet content providers. For example, the Company will work with content partners to bundle the top 10 most popular live-TV channels and top 100 daily most downloaded videos and data applications as a common service package. The package will be routed to our CMMB network and delivered and stored in consumer mobile devices with automatic daily update. With the service, consumers will simply experience much faster and smoother access of their favorite contents without realizing such contents are already pre-stored in their devices and constantly being renewed through the CMMB network.

ii. The cost of producing the content package will largely be borne by content partners, who are already delivering such contents to users through the Internet network. Hence cost of programming to the Company will be minimal.

iii. The Company will also provide wholesale CMMB network capacity to mobile carriers to divert their mobile data traffic through the CMMB network for data usage fees.

e. FCC Approval

i. The successful deployment of the CMMB network in New York depends on the FCC approval, which the Company is in the process of application.

ii. Whilst the Company does not anticipate difficulties in obtaining FCC approvals, it would like to stress that as the approval of the application could be subject to various factors and circumstances beyond the Company's control. Please refer to the paragraph headed "Risk Factors affecting CMMB Business, its Costs and Revenue Streams" for further details.

2. *Developing a Free-to-air Broadcast TV Network*

a. Business Rationale:

   i. CMMB Vision (USA)'s spectrum can also be used for traditional free-to-air TV broadcast service immediately and it is already covering 12 million in population in the most populous city in the US and world's largest media market, which has ample demand media and entertainment services.

   ii. As prudent business practice, the company would use a portion of its the spectrum (i.e., 6-10 channels out of the 24) to jump-start a TV broadcast operation and quickly generate revenue for the company while waiting for its CMMB business to take shape.

b. Business Operation:

   i. Through CMMB Vision (China), the Company has contracted CCTV to broadcast three of its international channels via the New York network. This service has already commenced in February 2012 with revenue generation. The revenue will be consolidated into the Company upon the completion of the Acquisition.

   ii. Building upon the success, the Company is in discussion with other Chinese and international broadcasters for similar TV service arrangement. It intends to eventually build a multi-cultural multi-channel TV network for the diverse New York audience and bring in diversified and recurring revenues.

   iii. The terrestrial TV service also complements the CMMB mobile service in giving additional customer coverage and content support, hence positioning the Company to be a cross-platform service provider.

   iv. Adding to the broadcast TV business is the video web portal www.Chinatoday.tv jointly developed by the Company and China Internet Information Center (China.com.cn) of the Chinese State Council, the leading Chinese official website with multimedia and multilingual capabilities that provides Chinese and international news and entertainment information. The web portal complements the broadcast TV business with a resourceful content aggregation platform and a web-based delivery channel.

c. Business Model:

   i. The basic business models will be leasing channel capacity in exchange for leasing fee or advertising revenue sharing from programmers

   ii. Currently, CMMB Vision (USA) already has leasing contract with China Central Television (CCTV) to operate three of its international channels and CCTV will make lease payment annually. The lease term is three-year renewable afterwards.

iii. The Company also anticipates advertising revenue sharing with programmers for their contents aired through the TV network through a barter arrangement, which is to carry programming for free in exchange for advertising revenue sharing arising from the programs.

iv. Over the long term, as the New York TV network matures and becomes popular, the Company expects the majority of revenue will come from advertising sharing.

d. Cost Structure:

i. There is no major capital expenditures anticipated for the traditional TV broadcasting business in New York as the TV network and service platform is already set up. The broadcast TV service is expected to be run as a supplementary service to the CMMB service, therefore the company does not expect to have any major expansion beyond its current New York scope.

ii. The company also will not bear cost for programming as programming will be supplied by third parties.

iii. The operating costs for broadcast TV will be mainly station engineer cost, fixed overheads, and administrative, which are estimated to be approximately US$ 1.5 million per annum.

e. Competitive Environment:

i. Broadcast TV is a very competitive business in New York. There are over 10 low-power TV stations similar to that of CMMB Vision (USA) in New York.

ii. The Company believes CMMB Vision (USA) can compete vividly in the New York market for the following reasons:

(a) It has the one of the most advanced transmission network equipment installed, whereas many other stations are traditional TV networks with old equipment deployed a long time ago,

(b) It has the most spectrum capacity, with 24 MHz, and therefore can accommodate multi-channel programming to form a TV network and achieve better economies of scale,

(c) It has the potential of providing the unique converged mobile services of terrestrial TV with mobile TV service which is Company is developing through CMMB in New York, which potentially will enable programs to reach more consumers anytime anywhere in a way that is unmatched by other traditional TV networks.

III. *Target Customers and Markets for CMMB Services*

CMMB network is a last mile delivery platform with content reaching directly end-users. This is similar to other Pay-TV services such cable, Internet TV and mobile broadband video services, and therefore would share the same basic customer base. To penetrate the customer base in a faster and more efficient manner, CMMB Vision (USA) intends to enter into various partnership arrangements with existing operators such as cellular carriers, broadcasters, and Internet content providers to access their user-base. Currently, the company is already under negotiation and discussion with various operators. However, no service contract or memorandum of understanding has been concluded yet.

IV. *Target Customers and Markets for Free-to-Air Broadcast TV Services*

Free-to-Air Broadcast TV market is mature and developed in New York and virtually everyone has access to free-to-air broadcast TV. The Company intends to attract the main stream TV audience with its international and multicultural programming focus, which can add value to the diversity and perspective of the general TV audience. In additional, with multi-cultural orientation, the Company hopes to penetrate different ethnic group such as the Chinese, Asian, and Spanish for in-depth viewership. The Company also hopes to expand its audience through cable carriage via partnership with cable operators in New York.

V. *Risk Factors Affecting CMMB Business, its Costs and Revenue Streams*

Regulatory Risk: FCC's approval is required for the deployment of CMMB in New York. CMMB Vision (USA) is in the process of preparing application for such approval, including, conducting trial networks to validate the CMMB technologies and its non-interference with existing standards in accordance with the procedure required for obtaining such approval. However, there is no guarantee that the FCC approval will be obtained.

Competing Services: At present, PayTV in the US is being offered in several ways, including cable, satellite, IP TV and 3G based mobile TV. Each of them possesses its own last mile delivery platform to reach out to customers' home devices or mobile devices, and charges a fee for such service. CMMB competes the same customer base. There is no guarantee that the service to be offered by CMMB Vision (USA) will be able to draw customers from other paid-television service providers.

Consumer Entertainment Spending: As most target consumers are already paying for different PayTV services referred to above, they may have limited budget to subscribe for new or additional services. The service provided by CMMB Vision (USA) will depend on the disposable income of consumers and their willingness to pay for a new type of paid-television services. A decrease of disposable income or unwillingness of customers to spend on consumer entertainment services will have a negative impact on our business.

Competing Technologies: The emergence of other competing new technologies could render the CMMB services to be offered by CMMB Vision (USA) obsolete. Continuous research and development efforts to further improve and evolve the CMMB technology will be essential to to maintain the competitiveness of CMMB technology and such continuous efforts may engage significant management and financial resources of the Group.

Economic Downturn: An economic downturn in the world will curtail consumer spending in entertainment at all levels and hence the demand for mobile TV and paid-television service.

Network Development Cost: Mobile network development and maintenance is generally expensive. However, since a low cost ecosystem (supply chain) has already been developed in China, the development and maintenance of CMMB network is expected to be much less expensive than normal 3G networks. If the network development cost of CMMB increases significantly due to reasons such as import tariff or tax imposed by the US government or appreciation of RMB against the US dollar, the profitability of CMMB Vision (USA) could be adversely affected.

VI. *Risk Factors Affecting Free-to-Air TV Business and Revenue Streams*

Supply of TV Channels: Channel leasing is subject to the availability of TV channels. Currently, TV channels in New York are being occupied close to its full capacity. Should there be a glut of channel supply, which could be due to, for instance, new TV stations being launched , the price of channel capacity leasing will come down and will affect our revenue.

Signal Coverage: Signal strength and penetration to different demographic communities will determine the quality of reception of our channels. Poor signal or a lack of coverage due to technical reasons such as line-of-sight obstruction could reduce our coverage and hence the demand for our channels.

Advertising Spending: If the overall advertising spending of merchandisers drop, which could be due to economic downturn, re-allocation of advertising spending toward other media such as online advertising, billboard or printed materials, our advertising revenue sharing could be adversely affected.

Economic Downturn: An economic downturn in the world will curtail consumer spending in entertainment at all levels and hence the demand for channel services.

VII. *Risk Factors Affecting the Completion of the Acquisition*

Regulatory Risk: if the US government changes its regulations to restrict or prohibit companies of foreign sources from operating TV stations in the US before consummation of the Acquisition, the Company would not be able to complete the Acquisition.

VIII. *Difference Between the Business of CMMB Vision (USA) and CMMB International*

The business of CMMB Vision (USA) is different from that of CMMB International.

CMMB International is a technology holding company. It holds the exclusive international development and licensing rights of CMMB technology granted by TiMi Technologies of SARFT for the commercial development and exploitation of CMMB technology outside of China. Its business is to license the CMMB technology to CMMB equipment and device makers as well as system operators for royalties and revenue sharing. Its customers are the CMMB chip and device manufacturers and system equipment makers and integrators and operators.

The expected timing and revenue to be generated by CMMB International depends on the completion of CMMB network deployment in New York. We are expecting to start deploying network in New York with the current acquisition of CMMB Vision (USA) within 12 month and take further 12 months to complete. The expected revenue (in US$) for CMMB International after network deployment will be as follows:

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
(US$)	1,202,500	2,041,667	3,380,000	4,350,000	4,990,000	5,300,000	5,630,000	5,960,000	6,290,000	6,620,000

Key Assumptions:

- There are two basic revenue models associated with CMMB International, 1) royalties (licensing fees) from CMMB service revenue, and 2) royalties from the CMMB chip embedded in each CMMB user device sold to the market New York.

- The financial model assumes mobile phone population as the base user for CMMB to develop customers. The market penetration rate for CMMB service into such population in New York is 2.92% for the first year, growing to 10% in year three, and 20% in year 7 and afterwards.

- For royalties from CMMB service revenue, it is assumed basic subscription fee for CMBM mobile TV service is US$12 per month and value-added service such as video-on-demand is additional US$3 per month, which are both at the low end of comparable services; royalties will be assessed at 2.5% of such fee revenues.

- Chip sale price is assumed at US$10 per chip in the first year, dropping to US$4 the second year and after, following the typical industry pattern for average cost down as chip market matures; royalties will be assessed at 5% of the chip sales price over the years, which is the industry standard.

- As a technology holding company, CMMB Intl does not anticipate to incur hefty operating cost.

CMMB Vision (USA) is a network operator. It owns UHF spectrum capacities, and plans to develop them into a mobile broadcasting network using the CMMB based technology and equipment and system infrastructure (hence called CMMB network) to offer mobile TV and mobile Internet-based data. Its revenue is generated from the collection of users' fee, i.e., subscription fee from consumers or whole metered usage fee from mobile operators. Its targeted customers are individual consumers, mobile operators, and Internet content providers.

IX. *Outside Specialist Engagement*

The Company has not engaged specialists in-house or outside to review the business plans and performance of CMMB Vision (USA). As far as the Company is concerned, the primary reason for entering into the Acquisition is the spectrum capacity, which Company can use to build a CMMB and traditional TV broadcasting network. The Company believes it processes the necessary experience and expertise to develop both the CMMB and traditional broadcasting business.

X. *Board Considerations*

The Board also considers the Acquisition of CMMB Vision (USA) in the best interest of the Company albeit the acquired target has no track record. The spectrum capacity owned by CMMB Vision (USA) is a tradable commodity in the open market with market value that is more than justified by the price the Company is paying. Furthermore, the Company believes by applying its CMMB technology on the spectrum to it can develop a next generation mobile multimedia network to offer services that will create much more value to the Company than the price it is pay for the spectrum capacity today. The acquisition gives the necessary spectrum asset for the Company to build a CMMB business in New York, the number one and most sophisticated media market in the US and the world. Successful deployment there will lead to instant CMMB credibility and hence expansion nationwide and eventually globally. Coupling the spectrum capacity with the CMMB platform the Company has been building up, such as proprietary technology, content platform, operating experiences, and industry alliance with Chinese and US ecosystem players, the Board believes the Company is well-poised to develop a successful CMMB network in the US.

XI. *Directors' Due Diligence*

The Directors consider they have complied with Rule 3.08 and 3.09 and have properly discharged their duties as directors of the Company given that: (a) internal analysis such as market comparison of similar spectrum, US mobile market research reports, China CMMB market development analysis etc. have been carefully conducted, (b) external and independent professional advisers such as valuer and auditors have been retained to produce the required professional reports, (c) an independent financial adviser has been engaged to advise the independent board committee and independent shareholders on the merits of the Acquisition; (d) proper board procedures have been followed with interested Director, Mr. Wong Chau Chi, abstained from voting on the relevant board meeting approving the Acquisition. Overall, the Directors considered they have also acted honestly and in good faith in the interest of the Company, and acted for proper purpose.

G. ***Information about Chi Capital***

Chi Capital is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Wong Chau Chi, the chief executive officer and executive Director of the Company and the chairman of the Board. The principal business activity of Chi Capital is investment holdings.

H. ***Information about the Group***

The Group is primarily engaged in the development and promotion of CMMB-based multimedia and interactive services. In addition, it still has a Printed Circuit Board trading business. In the PRC, the Group is a service provider in support of SARFT's CMMB technology development. Outside of the PRC, the Group intends to develop into a multimedia CMMB service operator.

I. ***Financial Effects of the Acquisition***

Upon completion of the Acquisition, the Company will directly hold 51% of the entire issued share capital of CMMB Vision (USA), which will become non-wholly owned subsidiary of the Company and the results, assets and liabilities of CMMB Vision (USA) will be consolidated into the accounts of the Group.

Set out in Appendix III to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effects of the Acquisition on the assets and liabilities of the Group assuming the completion of the Acquisition had taken place on 31 December 2011.

Based on the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, the total assets of the Group would increase significantly by approximately 790.00% from approximately US$3,028,781 (equivalent to approximately HK$23,473,053) to approximately US$26,956,006 (equivalent to approximately HK$208,909,047) and its total liabilities would increase significantly by approximately 296.21% from approximately US$1,981,674 (equivalent to approximately HK$15,357,974) to approximately US$7,851,622 (equivalent to approximately HK$61,242,652). Even though for the period ended 31 December 2011, CMMB Vision (USA) has not yet generated any revenue and profit, the Directors consider that, in view of the synergies with the Group, after the completion of the Acquisition, CMMB Vision (USA) will contribute to the revenue, earnings base and working capital of the Enlarged Group for reasons set out in part B of this section above. Initially, CMMB Vision (USA) is expected to generate revenue from its television operations (channel lease income, advetising income) in New York City. Upon completion of commercial deployment of CMMB, it is also expected to start generate revenue from consumer subscription of CMMB services.

J. ***Implications under the Listing Rules***

As Chi Capital is wholly-owned by Mr. Wong Chau Chi, the chief executive officer of, an executive Director and the chairman of the Board, Chi Capital is an associate of Mr. Wong Chau Chi, and therefore a connected person of the Company. The Acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a connected and a major transaction of the Company under the Listing Rules. As such, the Share Purchase Agreement and the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. Mr. Wong Chau Chi has abstained for voting on the board resolutions of the Company approving the Acquisition. In addition, pursuant to the Listing Rules, Mr. Wong Chau Chi and his associates will abstain from voting on the EGM.

K. ***Overall Business Outlook and Implementation Plan of the Group:***

The Company has embarked on a restructuring of its PCB business since 2010 in the wake of the worst manufacturing downturn in China and financial crisis in the world. Its goal was to move out of the highly unprofitable and debt-ridden PCB business and enter into more promising businesses where the Company could still leverage on its expertise and resources in the consumer electronic and IT industry. The restructuring has today resulted in the disposal of the PCB manufacturing business, return to positive balance and profitability, and prompted the Company into a series of acquisitions and consolidations which have altogether left the Company with a continuing PCB trading business and developing CMMB-based multimedia service operation as represented by the CMMB International and the CMMB Vision (USA) (under acquisition). The Company intends to mount concerted effort to integrate these businesses so as to optimize Company growth and revenue.

PCB: The Company has maintained the PCB trading as a main business, which has low-cost structure and is profitable. The company intends to scale up the trading business by hiring more commission based sales consults, and diversifying downstream to finished products. Particularly, leveraging on its CMMB background, the Company intends to develop a trading center for CMMB related products and components by collaborating with various suppliers along the value chain to jump-start CMMB product sales in the US to complement the CMMB network development there.

CMMB International: With the technology patent rights it owns, the company is engaging various vendor in order to develop CMMB-enabled devices. It has pioneered the market's first 6-MHz chipset tailored to the US spectrum standard so as to speed up product development for the US. It is developing technology solutions for CMMB-LTE convergence and facilitates its deployment. It is also providing technical support to promote CMMB technology in the US in face of the US industry players and regulators. Such efforts intend to lead to the early adoption of CMMB in the US and hence CMMB related royalties and licensing revenue.

CMMB Vision (USA): The company is adopting a two-prong strategy to create revenues in the short and medium term.

Strategy-One: The company is developing a turnkey solution to speed up CMMB network development in New York by leveraging relationship with Chinese and US ecosystem partners. The related initiatives include: pioneering the 6-MHz chipset to jump-start the device development cycle supporting the US market, allying technology vendors to provide end-to-end network system integration, partnering with local mobile and media operators for service operation and spectrum sharing, deploying trial network in Richmond with US industry participation to speed up technology adoption and regulatory approval, and lining up financial investors for capital commitments. With such efforts, the Company envisages the New York network to be able to commence operation quickly within two years and expand nationwide afterwards.

Strategy-Two: Parallel to the CMMB development, the company intends to quickly mount a traditional TV broadcast operation to generate leasing and advertising revenues. Currently, the company has contracted CCTV to operate three of its international channels in the New York network under a leasing agreement. The operation highlights the attractiveness of the New York platform as a window into the global media center. As a result, the company is engaging in discussion with other Chinese and international broadcasters for similar programming arrangement. The company intends to eventually develop the broadcasting business as a multicultural multi-channel TV network in New York with diverse and recurring revenue streams.

L. ***Management Discussion and Analysis of the Group***

I. *Financial and Liquidity*

Overall, the Acquisition will not add any material financial or liquidity burden to the Company for the following reasons, 1) the transaction was paid for by means of share and convertible bond issuance, 2) the acquired target has a balance sheet of US$50,000 in capital and no liabilities, 3) there is no major capital expenditure expected for the on-going free-to-air TV broadcasting operation, and the maintenance cost can be more than covered by the revenue to be generated by the target company.

Should approval been granted to develop CMMB mobile service through the target company, which owns the necessary spectrum capacity for deployment, the Company expects to conduct separate fund-raising exercise to satisfy the necessary capital expenditure and operating cost of the CMMB business, and this will not affect the current Company financial position.

II. *Capital Structure*

The Acquisition also will not affect the Company capital or debt structure, as the target company has only US$ 10,000 in capital and no debt. However, since there is the spectrum capacity lease owned by the target company, upon consolidation there will be significant increase of intangible assets in the Company's balance sheet.

III. *Prospect of the CMMB Business*

The Acquisition is done for the purpose of developing new multimedia businesses in the US, free-to-air terrestrial TV broadcasting in the interim period, and CMMB mobile services in the future. Free-to-air broadcast TV business is already operating and generating revenue, this will increase Company revenue on a consolidated basis. If CMMB mobile network can be launched, it will increase the Company's business dramatically. In addition, it will help grow the Company's PCB Trading business and order book as the sales and trading of US-bound CMMB-enabled mobile devices or semi-finished PCB assembly products will commence.

The Acquisition will also create positive synergies for the Company's subsidiary CMMB International, which holds the exclusive global CMMB technology patent licensing. Successful deployment of CMMB network in the US will lead to CMMB-enabled consumer devices sold to the US and hence the royalties to CMMB International.

The year of 2011 witnessed the explosive growth of mobile Internet and mobile entertainment. Industry players are dedicating vast resources to address this emerging industry segment. Increasingly sophisticated devices such as smartphones, tablets and mobile services like mobile video and cloud-based entertainment are fast coming to market and redefining the entertainment and information industry of the Internet age. Underlying the evolution is the engine to provide sufficient bandwidth to deliver the contents to all consumers in a mobile and wireless environment anytime anywhere. Among the changing industry dynamics, the Company, with its first-mover technology, and the US platform under acquisition, will be well-positioned to capture such opportunities.

The Company expects to continue to look for acquisition opportunities that will contribute to the building of a multimedia business, and expects to finance such potential acquisitions with capital market fund-raising, equity, and bond issuance to the extent they maximize shareholder interest.

M. ***Management Analysis for CMMB Vision (USA)***

I. *Financial and liquidity*

CMMB Vision (USA) generally finances its operation by the financial assistance provided by the controlling shareholder since its inception on 27 October 2011. As a result, for the period from inception to to 30 June 2012 there has been no expenses or losses incurred by CMMB Vision (USA). As at 30 June 2012, it has cash balance of US$10,000 and no liabilities.

II. *Material acquisitions and disposals*

For the period ended 30 June 2012, CMMB Vision (USA) did not have any material acquisition or disposals.

III. *Capital structure*

As at 30 June 2012, CMMB Vision (USA) has 100 outstanding ordinary shares of US$1 each was issued and the total nominal value of the issued shares was US$100. There was no significant change in capital structure throughout the period.

IV. *Human resources*

Other than the sole director of CMMB Vision (USA), there was no other employee as at 30 June 2012. During the period from inception to 30 June 2012, no emoluments were paid to the sole director of CMMB Vision (USA).

V. *Others*

During the same period, no charges existed over the assets of CMMB Vision (USA).

It is expected after the completion of the Acquisition, CMMB Vision (USA) will function as a subsidiary of the Group engaging in broadcast TV and CMMB mobile network service development and operation and hence apportioned revenues and expenses will be born by CMMB Vision (USA) accordingly.

Neither CMMB Vision (USA) nor the Company currently has any future plan for material investments or capital assets.

3. PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONSIDERATION SHARES AND THE CONVERSION SHARES

A. ***Information on the Consideration Shares and the Convertible Notes***

Comparison to share capital of the Company:	As at the Latest Practicable Date, the authorized share capital of the Company was HK$500,000,000.00 comprising 50,000,000,000 Shares with a par value of HK$0.01 each, of which 4,818,222,000 Shares were in issue. The 1,496,875,887 new Shares to be issued to Chi Capital, which represents (i) approximately 31.07% of the total number of issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 23.70% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares. If the principal amount of the Convertible Notes to be issued to Chi Capital of HK$45,785,596 are converted in full, 1,387,442,303 Conversion Shares will be issued, and represents (i) approximately 28.80% of the total number of issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 21.97% of the total number of issued share capital of the Company as enlarged by the issuance of the Consideration Shares; and (iii) approximately 18.01% of the issued share capital of the Company as enlarged by the issuance of both the Consideration Shares and the Conversion Shares.

Price Information:	The issue price of the Consideration Shares and the convertible price of the Convertible Notes of HK$0.033 per Share represents (i) a premium of approximately 6.5% to the closing price of HK$0.031 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) equals to the average closing price of HK$0.033 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 2.9% to the average closing price of HK$0.034 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.
Ranking:	Upon issuance, the Consideration Shares and the Conversion Shares will rank *pari passu* with all the then existing Shares in issue.
Listing:	An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Conversion Shares.

B. ***Proposed grant of specific mandate to issue the Consideration Shares and Conversion Shares***

As the consideration for the Acquisition will be satisfied by way of the Company issuing the Consideration Shares and the Convertible Notes, the Company will seek the grant of Specific Mandate from the Shareholders to allot and issue the Consideration Shares and the Conversion Shares which may be issued upon conversion of the Convertible Notes.

4. PROPOSED SHARE CONSOLIDATION

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation pursuant to which every ten (10) issued and unissued Shares will be consolidated into one (1) Consolidated Share.

As at the Latest Practicable Date, the authorized share capital of the Company was HK$500,000,000.00 comprising 50,000,000,000 Shares with a par value of HK$0.01 each, of which 4,818,222,000 Shares were in issue. The Board proposed that every ten (10) issued and unissued Shares will be consolidated into one (1) Consolidated Share with a par value of HK$0.10 each.

Assuming no further Shares will be issued before the Share Consolidation becoming effective, the authorized share capital of the Company will become HK$500,000,000.00 divided into 5,000,000,000 Consolidated Shares with a par value of HK$0.10 each, of which 481,822,200 Consolidated Shares will be in issue immediately upon the Share Consolidation being effective.

A. ***Effect of the Share Consolidation***

All Consolidated Shares will rank *pari passu* in all respects with each other. Fractions of Consolidated Shares that arise from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated and sold for the benefit of the Company.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

B. ***Conditions of the Share Consolidation***

The Share Consolidation is conditional on:

(i) the passing of an ordinary resolution by the Shareholders by way of poll to approve the Share Consolidation at the EGM; and

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on 10 September 2012 being the business day immediately after the EGM.

C. ***Reasons for the Share Consolidation***

On 20 October 2011, the Company announced its intention to consolidate the Shares and change the board lot size for trading in the Shares. The Board noted that, when the price of Shares is below HK$ 0.1 per Share, it is excessively prone to speculative trading, which is not conducive to building an institutional investor base for the Company to support its long term development and business expansions of the Company. As at 20 October 2011, being the last trading day immediately before the date of the Announcement, the market value for each existing board lot of the Shares was HK$102.50. The Share Consolidation will increase the par value of the Shares and it is expected that the Share Consolidation would lead to a corresponding upward adjustment in the trading price of the Consolidated Shares on the Main Board of the Stock Exchange. The Share Consolidation will also reduce volatility of share trading, as when the price is below HK$0.1 per Share, it is excessively prone to speculative trading by the market and not conducive to building an institutional investor base for the Company to support its on-going and long term financing activities and business expansions.

In connection with the Share Consolidation, the Board also propose to change the board lot size from 2,500 Shares per board lot to 5,000 Consolidated Shares per board lot, further details of which are set out below. The Directors believes the Share Consolidation, coupled wth the proposed change in board lot size of the Shares, would help to reduce volatility of the Shares thus is in the interests of the Company and its Shareholders as a whole.

D. ***Application for listing of the Consolidated Shares***

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting the listing of and permission to deal in the Consolidated Shares.

Subject to granting of the listing of and permission to deal in the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

E. ***Free exchange of the share certificates and trading arrangements***

Subject to the Share Consolidation becoming effective, Shareholders may, during the period from 10 September 2012 to 18 October 2012, submit share certificates for the existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, 183 Queen's Road East, Wan Chai, Hong Kong, in exchange, at the expense of the Company, for new share certificates Consolidated Shares (on the basis of 10 existing Shares for one Consolidated Share) within the prescribed time. Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders. It is expected that new certificates for the Consolidated Shares will be available for collection within a period of 10 business days from the date of submission of the certificates for existing Shares to the Company's branch share registrar in Hong Kong for exchange. Certificates for existing Shares will cease to be marketable and will not be acceptable for trading and dealing purpose(s) after 18 October 2012.

The new share certificates for the Consolidated Shares will be issued in light blue colour in order to distinguish them from the share certificates for the existing Shares which are in pink colour.

5. PROPOSED CHANGE IN BOARD LOT SIZE

Subject to the Share Consolidation becoming effective, the Board also proposed to change the board lot size for trading in the Shares from 2,500 Shares to 5,000 Consolidated Shares.

Such change in the board lot size would reduce the trading amount for each board lot and shall allow the public to have a more reasonable entry level to invest in the Consolidated Shares. Accordingly, the Board is of the view that the change in board lot size is in the interest of the Company and the Shareholders as a whole.

A. ***Arrangement on odd lot trading***

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the change in board lot size, the Company has appointed KGI Asia Limited to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Holders of odd lots of Consolidated Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Ms. Grace Mok at (852) 2878 4486 of KGI Asia Limited, at 41/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong during the period from 10 September 2012 to 18 October 2012, both days inclusive.

Holders of Consolidated Shares in odd lots should note that successful matching of the sale and purchase of odd lots of Consolidated Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangement.

B. ***Adjustments of Outstanding Share Options***

As at the Latest Practicable Date, there are outstanding options granted under the Share Option Scheme to subscribe for 957,821,200 new Shares. The Directors will determine, according to the rules of the Share Option Scheme, the adjustments (if any) required to be made in respect of the outstanding options as a result of the Share Consolidation. The Company will make further announcements regarding the adjustments in accordance with the Listing Rules in due course.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

6. PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Share Option Scheme was adopted by the Company pursuant to a resolution in writing passed by the Shareholders on 5 July 2005 (the "Adoption Date"). Apart from the Share Option Scheme, the Company has no other share option scheme currently in force. Since the Adoption Date, the Scheme Mandate Limit has been refreshed at an extraordinary general meeting of the Company held on 25 September 2009, 26 February 2010 and 28 October 2011.

Under the rules of the Share Option Scheme:

1) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not in aggregate exceed 30% of the Shares in issue from time to time; and

2) the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is limited to 10% of the Shares in issue as at the date when dealings in the Shares on the Stock Exchange first commenced or when the General Scheme Limit is refreshed thereafter.

The existing Scheme Mandate Limit is 449,822,200 Shares, being 10% of the Shares in issue as at the date of the extraordinary general meeting of the Company held on 28 October 2011. As at the Latest Practicable Date, the Company had granted a total of 449,822,200 share options to eligible participants under the Share Option Scheme, and no share options of the Company have lapsed and cancelled. Accordingly, no further share options could be granted unless the Scheme Mandate Limit is refreshed.

As the Scheme Mandate Limit has been utilized in full, the Company proposes to seek approval from Shareholders to refresh the limit of the share options to be granted pursuant to the Share Option Scheme with a view to allowing the Company more flexibility to provide incentives or rewards to eligible participants for their contributions to the Group.

If the Scheme Mandate Limit is refreshed, on the basis of 4,818,222,000 Shares in issue as at the Latest Practicable Date and assuming that prior to the EGM, no further Shares will be issued (whether upon exercise of share options of the Company or otherwise) or repurchased by the Company, the maximum number of Shares which may fall to be issued upon the exercise of all share options that may be granted by the Company under the proposed refreshment would be 481,822,000 Shares.

On the basis of 4,818,222,000 Shares being in issue as at the Latest Practicable Date, the maximum number of Shares which may be issued upon exercise of all share options that may be granted under the refreshed Scheme Mandate Limit (i.e. 481,822,200 Shares) together with all outstanding share options granted under the Share Option Scheme and yet to be exercised as at the Latest Practicable Date amounts to an aggregate of 1,439,643,400 Shares, representing approximately 29.88% of the Company's issued share capital as at the Latest Practicable Date, which does not exceed the 30% limit as set out in the rules of the Share Options Scheme and the Rule 17.03(3) of the Listing Rules.

The refreshment of the Scheme Mandate Limit is conditional upon:

1) the passing of an ordinary resolution by the Shareholders at the EGM to approve the refreshment of the Scheme Mandate Limit; and

2) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares that may be issued pursuant to the exercise of any share options that may be granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, any Shares, representing 10% of the issued share capital of the Company as at the date of the EGM approving the refreshed General Scheme Limit, to be issued upon the exercise of the options granted under the refreshed General Scheme Limit.

7. EGM

Set out in pages 117 to 119 of this circular is the notice to convene and hold the EGM at President Room, The American Club, Floor 48 Exchange Square Two, Central, Hong Kong on 7 September 2012 at 2:30 p.m.. It is proposed that at the EGM, ordinary resolutions will be proposed to the Shareholders to consider, and, if thought fit, to approve (i) Share Purchase Agreement, and the transactions thereunder; (ii) the Share Consolidation and the change of board lot size; and (iii) the refreshment of the Scheme Mandate Limit. Voting will be conducted by poll pursuant to the Listing Rules.

Ordinary resolutions will also be proposed to the Independent Shareholders to consider, and, if thought fit, to approve (i) the Share Purchase Agreement and the transactions thereunder; and (ii) the Specific Mandate. Pursuant to the Listing Rules, at the EGM, Mr. Wong Chau Chi and his associates, including Chi Capital, are required to abstain from voting on the ordinary resolutions approving such resolutions on Share Purchase Agreement. Voting at the EGM will be conducted by poll. To the knowledge of the Directors having made all reasonable enquiries, (i) Mr. Wong and his associates control or are entitled to exercise control over 241,702,500 Shares, representing approximately 5.02% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) no other Shareholders and Directors have any material interest in the Acquisition and are required to abstain from voting at the EGM under the Listing Rules.

Each Shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether they are Shareholders or not, to attend and vote at the EGM on his behalf. The proxy form for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

8. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of (i) the Share Purchase Agreement and the transactions thereunder; and (ii) the Specific Mandate. Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same transaction.

9. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from Veda Capital, the additional information set out in the appendices to this circular and the notice of the EGM.

10. RECOMMENDATIONS

The Board, including the independent non-executive Directors who are members of the Independent Board Committee, is of the opinion that (i) the terms of the Share Purchase Agreement have been entered into on normal commercial terms; (ii) the grant of the Specific Mandate to issue the Consideration Shares and the Conversion Shares which will be issued upon conversion of the Convertible Notes; (iii) the Share Consolidation and change of board lot size; and (vi) the refreshment of the Scheme Mandate Limit are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board, including the independent non-executive Directors who are members of the Independent Board Committee, recommends that the Independent Shareholders vote in favour of the resolution set out in the notice of the EGM for (i) the approval of the Share Purchase Agreement and the transactions thereunder; and (ii) grant of the Specific Mandate to issue the Consideration Shares and the Conversion Shares which will be issued upon conversion of the Convertible Notes; (iii) the Share Consolidation and change of board lot size; and (vi) the refreshment of the Scheme Mandate Limit.

Yours faithfully,
For and on behalf of the Board of
CMMB Vision Holdings Limited
Wong Chau Chi
Chairman

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)

17 August 2012

To the Independent Shareholders,

Dear Sir or Madam,

(I) MAJOR AND CONNECTED TRANSACTION — ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF CMMB VISION (USA); AND

(II) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONSIDERATION SHARES AND THE CONVERSION SHARES;

We refer to the circular dated 17 August 2012 of the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed as the Independent Board Committee to advise you as a Shareholder in connection with (i) the Share Purchase Agreement and the transaction thereunder; and (ii) the grant of the Specific Mandate to issue the Consideration Shares and Conversion Shares, details of which are set out in the Letter from the Board contained in the Circular.

Having considered (i) the Share Purchase Agreement; and (ii) the Specific Mandate to issue the Consideration Shares and Conversion Shares, and the advice and opinions of Veda Capital in relation thereto as set out on pages 43 to 67 of the Circular, we are of the opinion that (i) the terms of the Share Purchase Agreement have been entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the grant of the Specific Mandate to issue the Consideration Shares and the Conversion Shares to be issued upon conversion of the Convertible Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the Share Purchase Agreement and the transactions thereunder (including the procurement of the Company to issue the Consideration Shares and the Convertible Notes); and the grant of the Specific Mandate to issue the Consideration Shares and the Conversion Shares to be issued upon conversion of the Convertible Notes.

Yours faithfully,
Independent Board Committee
Wang Wei-Lin **Li Shan** **Li Jun**
Independent non-executive Directors

The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated therein which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3214, 32/F
COSCO Tower
183 Queen's Road Central
Hong Kong

17 August 2012

To the Independent Board Committee and
the Independent Shareholders of CMMB Vision Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION —
ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL
OF CMMB VISION (USA)

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the Acquisition and the transations contemplated therein, details of which are set out in the circular to the Shareholders dated 17 August 2012 (the "**Circular**"), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 22 November 2011, Company and Chi Capital entered into the Share Purchase Agreement which was amended by two supplemental agreements dated 30 May 2012 and 17 August 2012 respectively. Pursuant to such agreements, the Company as the purchaser has conditionally agreed to purchase, and Chi Capital as the seller has conditionally agreed to sell, 51% of the equity interest of CMMB Vision (USA). The Acquisition will give the Company the necessary capabilities to become a vertically integrated multimedia service operator with proprietary technology, network, and content platform to deploy and deliver CMMB-based mobile entertainment and data services in the international marketplace starting with the US, the largest media and internet market in the world, and at the same time provides a platform for the Company to promote Chinese media culture and technology overseas.

Furthermore, the Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation. As advised by the Company, the completion of the Acquisition will take place before the Share Consolidation becoming effective.

As Chi Capital is wholly-owned by Mr. Wong Chau Chi, the chief executive officer of the Company an executive Director and the chairman of the Board, Chi Capital is an associate of Mr. Wong Chau Chi, and therefore a connected person of the Company. The Acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a connected and a major transaction of the Company under the Listing Rules. As such, the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. Pursuant to the Listing Rules, Mr. Wong Chau Chi and his associates will abstain from voting on the relevant resolution(s) for approving the Acquisition at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Acquisition at the EGM.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Acquisition, we have taken into consideration the following factors and reasons:

1. Information on Chi Capital and CMMB Vision (USA)

Chi Capital is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Wong Chau Chi, the chief executive officer of the Company, the executive Director and the chairman of the Board. The principal business activity of Chi Capital is investment holdings.

As set out in the Board Letter, CMMB Vision (USA) was incorporated in Delaware, the US as a limited liability company and is 100% owned by Chi Capital Holdings Ltd. CMMB Vision (USA) owns four TV channels, which are Channel 26 (WRNN), Channel 32 (WXNY), Channel 35 (WNYX), and Channel 43 (WNXY) respectively, which in turn represent 24 MHz in UHF spectrum capacity with 24 digital channels covering New York City. The spectrum can be used to develop CMMB mobile TV network and traditional free-to-air terrestrial TV network.

As set out in the Board Letter, CMMB Vision (USA) also owns a portfolio CMMB - 4G/LTE convergence technologies which can enable the development of a hybrid CMMB broadcasting (one-to-many) and a 4G/LTE cellular unicast (one-to-one) communication network that can provide a combination of high-speed internet coupled with virtually unlimited mobile video and data download. The technologies are under filing for patents in the US for the global use.

As set out in Appendix II to the Circular, CMMB Vision (USA) was incorporated in Delaware, the US with limited liability on 27 October 2011 and as at 29 February 2012, CMMB Vision (USA) has no major assets or operating business. The financial information of CMMB Vision (USA) as extracted from Appendix II to the Circular is as follows:

	For the period from 27 October 2011 to 29 February 2012
	US$
Turnover	—
Profit for the period attributable to owner of CMMB Vision (USA)	—

	As at 29 February 2012
	US$
Total equity attributable to owner of CMMB Vision (USA)	10,000

As noted from the Board Letter, CMMB Vision (USA) generally finances its operation by the financial assistance provided by the controlling shareholder since its inception on 27 October 2011. As a result, for the period from inception to 30 June 2012, there has been no expenses or losses incurred by CMMB Vision (USA). As at 30 June 2012, it has cash balance of US$10,000 and no liabilities.

Also, for the period ended 30 June 2012, CMMB Vision (USA) did not have any material acquisition or disposals.

As at 30 June 2012, CMMB Vision (USA) has 100 outstanding ordinary shares of US$1 each was issued and the total nominal value of the issued shares was US$100. There was no significant change in capital structure throughout the period.

2. Background and financial information of the Group

Upon the completion of the disposal of Global Technology International Limited ("**GTI**") in December 2011, the business model of the Group has been shifted from a printed circuit board manufacturer/trader to a CMMB services provider. The Group is primarily engaged in the development and promotion of CMMB-based multimedia and interactive services. In addition, the Group also has a printed circuit board trading business. In the PRC, the Group is a value-added service provider in support of SARFT's CMMB services. Outside the PRC, the Group intends to provide turnkey solutions to develop and deploy CMMB-based system, network, business platform to international markets and participates in service operations through local partnerships so as to promote CMMB into an international standard and build a global CMMB franchise.

(i) Financial year ended 31 December 2011

As noted from the annual report 2011 of the Company (the "**AR 2011**") for the year ended 31 December 2011, the Group did not record any revenue. As advised by the Company, since the disposal of GTI during the year, the Group continued to carry out the agency service relating to procurement and distribution of PCB materials and generate agency income for the year and such continuing service is not considered as the main revenue generating activities other than the CMMB business. For the year ended 31 December 2010, the Group has not recorded any revenue subsequent to the financial restatement. As advised by the Company, the financial restatement was caused by the disposal of GTI during the year.

The Group reported a profit of approximately US$6.05 million (equivalent to approximately HK$47.19 million) for the year ended 31 December 2011 whereas a loss of approximately US$21.55 million (equivalent to approximately HK$168.09 million) was recorded for the year ended 31 December 2010.

Breaking down the profit of the Group for the year ended 31 December 2011, the Group reported a loss from continuing operations of approximately US$16.43 million (equivalent to approximately HK$128.15 million) for the year ended 31 December 2011, representing an increase in loss of approximately 148.56% from that for the year ended 31 December 2010 of approximately US$6.61 million (equivalent to approximately HK$51.56 million). As noted from the AR 2011, the increase in loss from continuing operations was mainly attributable to the loss on fair value change of forward contract, loss on acquisition of intangible assets and impairment loss on trade and other receivables.

The Group reported a profit from discontinued operations of approximately US$22.47 million (equivalent to approximately HK$175.27 million) for the year ended 31 December 2011 whereas a loss of approximately US$14.94 million (equivalent to approximately HK$116.53 million) was recorded for the year ended 31 December 2010. As noted from the AR 2011, the turnaround in profit from discontinued operations was mainly attributable to the gain on deconsolidation of a subsidiary which mainly engaged in manufacturing of printed circuit boards.

We also noted from the Independent Auditor's Report as contained in the AR 2011 that without qualifying its opinion, the auditor of the Company drew attention to the fact that the Group incurred a loss for the year ended 31 December 2011 from continuing operations of US$16.43 million (equivalent to approximately HK$128.14 million) and as at 31 December 2011, the Group's current liabilities exceeded its current assets by US$0.49 million (equivalent to approximately HK$3.84 million). The auditor of the Company considered that the ability of the Group to continue as a going concern is dependent on their ability to successfully implement the measures and fund raising as set out in note 2 to the consolidated financial statements in the AR 2011. The consolidated financial statements do not include any adjustments that would result from a failure to obtain such funding. Having said the above, we noted from Appendix IV to the Circular and it was stated that:

"After due and careful consideration, the Directors are of the opinion that, taking into account the Group's internal resources, available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the period of twelve months from the date of this Circular"

(ii) *Financial year ended 31 December 2010*

As noted from the annual report 2010 of the Company (the "**AR 2010**") for the year ended 31 December 2010, the Group recorded revenue of approximately US$13.72 million (equivalent to approximately HK$107.02 million), representing a significant increase of approximately 197.61% from that for the year ended 31 December 2009 of approximately US$4.61 million (equivalent to approximately HK$35.96 million). As further noted from the AR 2010, the revenue in the year 2009 was adversely affected by the suspension of certain level of operations and discontinuation of manufacturing, assembling and trading of flexible printed circuit boards. Following the recent successful completion of the Company's corporate restructuring, the Company has been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia business based on the CMMB standards and thus the revenue in the year 2010 was increased.

The Group reported a loss of approximately US$21.55 million (equivalent to approximately HK$168.09 million) for the year ended 31 December 2010, representing a decrease in loss of approximately 50.61% from that for the year ended 31 December 2009 of approximately US$43.63 million (equivalent to approximately HK$340.31 million). As advised by the Company, the decrease in loss was mainly attributable to the increase in revenue decrease in administrative expenses.

We noted from AR 2010 that the auditors have expressed a qualified opinion on the loss and cash flows as follows:

"*In our opinion, except for the possible effects on the corresponding figures of the matters described in the Basis for Qualified Opinion on the Loss and Cash Flows paragraphs, the consolidated statement of comprehensive income and the consolidated statement of cash flows give a true and fair view of the Group's loss and cash flows for the year ended 31 December 2010 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.*"

Details of the "Basis for Qualified Opinion on the Loss and Cash Flows" have been set out in the independent auditor's report in AR 2010. We also noted from AR 2010, the auditors have expressed a material uncertainty opinion because the Group incurred a loss of approximately US$21.55 million (equivalent to approximately HK$168.09 million) during the year ended 31 December 2010 and as at that date, the Group's current liabilities exceeded its current assets by approximately US$6.25 million (equivalent to approximately HK$48.75 million). These conditions, along with the proposed arrangements as set out in note 2 to the consolidation financial statements in the AR 2010, indicate that the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

3. Reasons for the Acquisition

As set out in the Board Letter, as the largest internet and media market, the US has the most pressing need for mobile broadband due to exploding mobile video and data consumption. Mobile data traffic is expected to grow by 25 times between 2010 and 2015, mostly driven by video demand, which will outstrip the system capacity of both the wired and wireless networks. The major markets are already experiencing access bottlenecks and degraded services. The current situation is mainly caused by the widely shared demand for the most popular video contents, which only amounts to approximately 5% to 10% of the available video contents, are being frequently downloaded by 75% to 90% of internet users. The replication of the same content by individual users creates a tremendous and repetitive session-oriented ("unicast") traffic clogging up of the internet access networks. This behavioural pattern makes the CMMB broadcasting architecture the ideal technology solution to address this problem. CMMB content delivery network can effectively broadcast the most popular content simultaneously to all users and hence can satisfy consumer needs while vastly reducing the congestion caused by unicast video traffic over the public internet. The Directors believe the capability of CMMB to multicast makes it the most suitable technology to solve such "common traffic bottleneck" and the growth potential of the technology is immense.

As advised by the Company, acquisition of 65% interest of CMMB International was completed on 25 October 2011. Having successfully acquired a controlling stake in CMMB International, which holds the exclusive international development and licensing rights of CMMB technology outside the PRC, the Directors believe combining that with the proposed Acquisition the Company will be able to have the necessary licensing, spectrum access, trial networks, operating platform, and partnerships to deploy and operate CMMB services and capture the biggest market in the world, starting with New York City, and eventually reaching nationwide.

As further set out in the Board Letter, the deployment of CMMB in the US will also validate the CMMB technology as an international technology and the Company intends to use the US market as the foundation for technology transfer and globalization of the CMMB. The Acquisition of CMMB Vision (USA) will also give the Company an existing operation of a free-to-air TV network in New York, the world's largest and most international media market, which is immediately revenue generating. In addition, the network will provide terrestrial TV coverage that complements CMMB mobile coverage and help the Company jump-start a multimedia content aggregation platform. There is no special license or regulatory requirement for the operation of free-to-air TV except the broadcasters have to observe the certain regulations that are also applicable to other TV programming service providers, such as the minimum broadcasting hours per week and the decency of the broadcasting content. We noted the business and revenue model of free-to-air terrestrial TV channel programming services as set out in the Board Letter that CMMB Vision (USA) will lease out its channel capacity to third party programmers, and will charge a leasing fee and share the revenue generated from advertisements broadcasted through such channels. The cost for offering free-to-air TV business will primarily comprises of labour cost for network maintenance and programming acquisition, as well as the administration cost.

The Acquisition will give the Company: (i) a digital terrestrial television platform in New York City with four UHF television stations totalling 24 MHz in spectrum bandwidth capable of broadcasting 24 digital channels covering New York City, which can be used for developing CMMB network or traditional terrestrial TV network, and a complementing Flex-Use (operation of broadcasting technology standard in UHF TV network in the US other than the currently approved ATSC standard) 6 MHz UHF spectrum network in Richmond, Virginia, (ii) a portfolio of next generation broadcast-broadband technologies for CMMB-LTE(4G) convergence, and (iii) the opportunities to form potential strategic and operating partnerships with leading US media and technology companies.

As advised by the Company, the Directors consider the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As noted form the AR 2011, the Company has been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia businesses based on the CMMB standards. The Company's goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

As noted from the business valuation conducted by Roma Appraisals Limited in respect of the 100% interest of the 24 MHz spectrum leased to CMMB Vision USA (the "**Valuation Report**"), the US is one of the countries at the forefront in technological advances, especially in computers and in medical, aerospace, and military equipment. Also, the economy of the US is market-oriented, which the central feature is the economic freedom afforded to the private sector by allowing the private sector to make the majority of economic decisions in determining the direction and scale of what the US economy produces. Hence, business firms in the US enjoy greater flexibility than their counterparts in Western Europe and Japan in their decisions to develop new products.

We noted from the Board Letter that as developed by TiMi Technology of SARFT through Sino-US collaboration, CMMB is the most advanced OFDM based mobile digital broadcasting technology that enables the most spectrum-efficient delivery of wireless and mobile content to an unlimited number of viewers and listeners. It has been commercialized in over 330 cities in China with the world's largest technology and vendor ecosystem in support. The Company, through CMMB International, owns the exclusive international development and licensing rights of CMMB technology outside of the PRC and has partnerships with SARFT, Motorola, and other industry leaders from the CMMB ecosystem to promote CMMB technology and services globally.

We further noted from the Board Letter that following the Acquisition and FCC approval on allowing CMMB technology to be used on the spectrums, the Company can build a CMMB technology-based network on its spectrum and offer mobile video and data services to mobile users in the New York area. As advised by the Company, the spectrums are currently operating free-to-air terrestrial digital television broadcasting business in New York City, which is the approved activity under the current spectrum license. It is expected that the monthly subscription fees by the CMMB mobile service consumers and the lease payment generated by free-to-air TV channel leasing capacity will be the main sources of revenue. Accordingly, the Acquisition will allow the Company to operate a multi-channel free-to-air terrestrial digital television broadcasting business in New York City, as well as operate a CMMB mobile TV business upon FCC approval.

On 21 February 2012, CMMB America, LLC ("**CMMB America**"), a wholly-owned subsidiary of CMMB Vision (USA) entered an agreement ("**CCTV Leasing Agreement**") with China Central Television ("**CCTV**") pursuant to which CMMB America agreed to make air time and transmission services available to CCTV, which consists of three channels, 24 hours per day, 7 days per week, during every day of the year for a term until 31 December 2014 for monthly lease payment. As advised by the Company, CMMB America has received the first annual fee from CCTV in June 2012.

U.S. Census Bureau reveals that the growth in population within the US from 2000 to 2010 was 9.7%, risen from 281,421,906 to 308,745,538. The population figure in the country is currently standing at approximately 313,144,648, with the New York contributed roughly 7% of the total. According to a report published by Nielsen Company in 2011, a global marketing and advertising research company, the number of televisions owned by household in the US is projected to be 114.7 million in 2012, with 7.3 million of them consumed in the New York, which ranks the top out of all the states in the country.

Beside the prevalence of television, smartphone usage also covers widely across the US as they are conveniently portable. According to the latest report from ComScore, a global leader in measuring the digital world, the numbers of smartphone users in the US are now approaching 100 million. Unlike traditional mobile phone, smartphone allows carrier to connect themselves to the internet to enjoy a range of entertainment, e.g. checking emails, watching video, downloading music, which has boosted the mobile data traffic significantly. Base on a research conducted by Nielsen Company in June 2011, the amount of data the average smartphone user consumes per month has grown by 89% from 230 Megabytes (MB) in Q1 2010 to 435 MB in Q1 2011 in the US. In addition, Morgan Stanley Research estimates the sales of smartphones will exceed those of PCs in 2012, and the IDC Research, a global advisor in the information technology and telecommunications industries, anticipates the smartphones sales to reach $982 million in 2015, therefore the mobile data traffic is expected to grow in the near future continuously.

Apart from smartphone which contributes massive mobile data usage, the improvement of technology on e-reader, portable gaming console, tablet, laptop and netbook also allows user to assess to the internet conveniently. And because of this, the Cisco Visual Networking Index, an index to forecast and analyze the growth and use of internet protocol networks worldwide, shows that the growth in the overall mobile data traffic across the globe is expected to grow in an astounding pace, with a compound annual growth rate (CAGR) of 78% from 2011 to 2016.

We also noted from the website of Internet World Stats (www.internetworldstats.com), internet users have grew by approximately 444.8% in the world, by approximately 273.3% in the US from 2000 to 2010.

As advised by the Company, the original cost of setting up of CMMB Vision (USA) was approximately US$50,000, being the incorporation fees including legal services and corporate services, which were incurred by Chi Capital. Having considered (i) CMMB Vision (USA) has the exclusive right to operate a total spectrum bandwidth of 24 MHz in the New York City and the Acquisition can enable the Company to deploy and operate both free-to-air TV network in New York which is immediately revenue generating i.e. leases or advertising revenue, taken into account the revenue model of free-to-air terrestrial TV channel programming services as set out in the Board Letter, and CMMB mobile entertainment service network in the US starting with New York City and will serve as a business model to go nationwide; (ii) the agreement entered between CMMB America and CCTV which generates revenue to 31 December 2014 as CCTV shall pay a fixed amount of annual fee to CMMB America; (iii) the Acquisition is aligned with the business strategy as set out in AR 2011; (iv) the growth potential of CMMB Vision (USA) as supported by the increasing trend of the population and the data usage in the US; (v) CMMB is a new generation delivery network independent of the current delivery platforms; and (vi) the Acquisition would enhance the income stream of the Company, we agree with the view of the Directors that the Share Purchase Agreement is in the interests of the Company and the Independent Shareholders as a whole.

4. Consideration for the Acquisition

(a) *Consideration*

As set out in the Board Letter, the consideration payable to Chi Capital under the Share Purchase Agreement is HK$95,182,500, which was determined based on arm's length negotiation between the parties thereto taking into account, among other things, market comparables, replacement costs, operation readiness, growth potentials of CMMB Vision (USA).

As advised by the Company, the 100% interest of the 24 MHz spectrum is the main asset of CMMB Vision USA. We have reviewed the Valuation Report and observed that the valuer has adopted the market-based approach in arriving the market value of the 100% interest of the 24 MHz spectrum and under such valuation method, the market value of 100% interest of the 24 MHz spectrum as at 30 June 2012 was arrived at US$28 million (equivalent to approximately HK$218.4 million) (the "**Valuation**"). Based on the Valuation, the market value of 51% interest of the 24 MHz spectrum is US$14.28 million (equivalent to approximately HK$111.38 million) (the "**Target Valuation**"). The consideration under Share Purchase Agreement of approximately HK$95.18 million represents a discount of approximately 14.54% to the Target Valuation.

As discussed with the valuer and set out in the Valuation Report, in the process of valuing the 24 MHz spectrum, the valuer has taken into account of the specifications of the 24 MHz spectrum and relevant information available in the market. The income-based approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The asset-based approach was also not adopted because it could not reflect the market value of the 24 MHz spectrum. The valuer has therefore considered the adoption of the market-based approach in arriving at the market value of the 24 MHz spectrum.

As set out in the Valuation Report, under the market-based approach, the valuer first obtained information regarding the transactions of similar spectra and the corresponding considerations or winning bid prices available in the market. In the process of selecting comparable transactions, the valuer has considered whether the spectra of the transactions have comparable specifications as the 24 MHz spectrum. In particular, the valuer have adopted three criteria which comprise the UHF with radio frequency range of electromagnetic waves between 300 MHz and 800 MHz, same bandwidth as the 24 MHz spectrum and the geographical coverage in the New York City. The valuer has considered six comparable transactions (the "**Valuation Comparables**") as regards the similarity in their spectrum specifications with the 24 MHz spectrum. The source of the Valuation Comparables is the Federal Communications Commission of the US, which regulates interstate and international communications by radio, television, wire, satellite and cable in all 50 states, the District of Columbia and the U.S. territories. It was established by the Communications Act of 1934 and operates as an independent US government agency overseen by the Congress.

We have interviewed with the valuer and we are given to understand that as the sale price of the spectrum will be varied with the coverage population and the bandwidth, the valuer considered that price per MHz per person under coverage of the area (US$/MHz/Pop) as the most appropriate multiple in calculating the market value of the 24 MHz spectrum.

Upon reviewing and discussing with the valuer about the details of the Valuation Comparables as set out in the Valuation Report and taking into account (i) the Valuation Comparables have been involving in the similar spectrum specifications as the 24MHz spectrum; and (ii) the opinion of the valuer who has considered the adoption of market-based approach in arriving at the market value of the 100% interest of the 24MHz spectrum is the most appropriate approach for assessing the market value of 100% interest of the 24MHz spectrum.

As noted from the Circular and advised by the valuer, Mr. Kelvin Luk, the director of Roma Appraisals Limited responsible for the Valuation Report, is a member of the International Association of Consultants, Valuators and Analysts (IACVA). He has over six years of experience in valuation and consultation related to the media industry. Mr. Luk has conducted and supervised over twenty valuation cases on various assets of companies, both listed and private, in the media industry which include cases for, among others, Inno-Tech Holdings Limited (stock code: 8202), One Media Group Limited (stock code: 426), CMMB Vision Holdings Limited (stock code: 471), China Mining Resources Group Limited (stock code: 340) and various private companies. The types of the valuation cases include business valuations, intangible asset valuations, purchase price allocations and property valuations. These valuation targets are principally engaged in media-related businesses in China, Hong Kong, the United States and Indonesia respectively. Given the above, we are satisfied with the expertise of the valuer in preparing the Valuation Report.

Pursuant to Rule 13.80(2) under the Listing Rules, there is no reason for us to believe any of the information in the Valuation Report in respect of the Target Valuation is not true or omits a material fact, we are of the view that the Target Valuation has been reasonably prepared and are normal in nature without any unusual assumption and the basis thereof is fair and reasonable. As such, we consider the Target Valuation is a fair reference for the Independent Shareholders to assess the fairness and reasonableness of the consideration for the Share Purchase Agreement.

We noted that the consideration payable for the Acquisition is HK$95,182,500 which is significantly over the original incorporation cost of CMMB Vision (USA) of US$50,000. Despite the fact that given CMMB Vision (USA) is only a start up business which does not have any significant assets and not yet started to generate revenue, based on the Valuation Report, interviews with the valuer and advices from the Company, we understand that once the Company receives the approval from the FCC, the Company can deploy CMMB services within the US and start boosting the revenue. Thus, we consider that the consideration payable for the Acquisition is justified to the Company.

In light of the above and taking into account that the consideration under the Share Purchase Agreement of approximately HK$95.18 million representing a discount of approximately 14.54% to the Target Valuation, we consider the consideration under the Share Purchase Agreement is fair and reasonable so far as the Independent Shareholders are concerned.

(b) *Consideration Shares*

Pursuant to the Share Purchase Agreement, HK$49,396,904 of the consideration payable for the Acquisition will be paid by way of the Company issuing 1,496,875,887 new Shares at an issue price of HK$0.033 per Share (the "**Issue Price**").

The Issue Price represents:

(i) a discount of approximately 40.00% to the closing price of HK$0.055 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 6.5% to the closing price of HK$0.031 per Share as quoted on the Stock Exchange on the Last Trading Day;

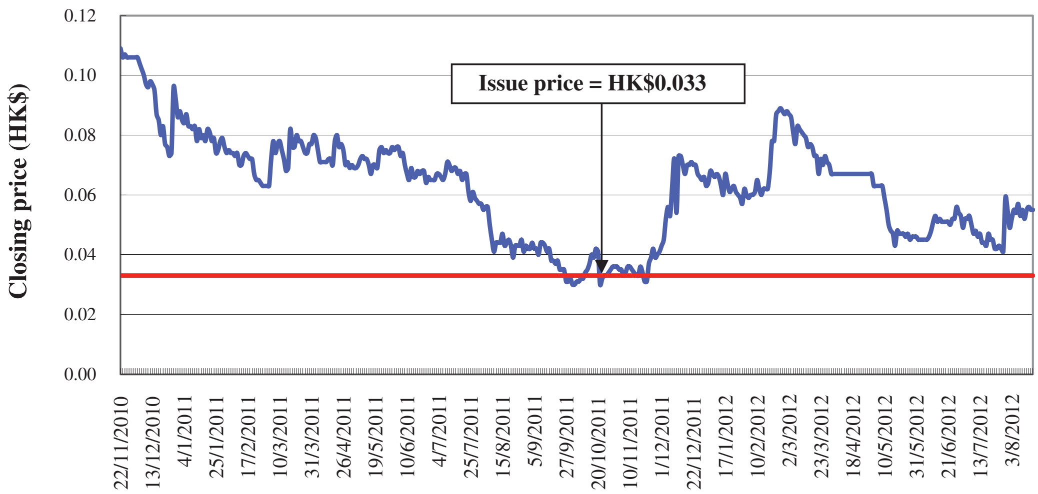
(iii) equals to the average closing price of HK$0.033 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day; and

(iv) a discount of approximately 2.9% to the average closing price of HK$0.034 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including the Last Trading Day.

As advised by the Company, the Issue Price was determined after arm's length negotiations between the parties to the Share Purchase Agreement after taking into consideration of the prevailing Share price at the time of the Share Purchase Agreement and the Directors consider that the Issue Price is fair and reasonable.

(i) Historical Price Performance

The graph below illustrates the closing price levels of the Shares during the period from 22 November 2010 (being the 12 calendar months period prior to the date of the Share Purchase Agreement) up to the Latest Practicable Date (the "**Review Period**").



Source: website of the Stock Exchange (www.hkex.com.hk) and Bloomberg

During the Review Period, the closing price of the Shares recorded the lowest closing price of HK$0.03 per Share recorded on 3 October, 4 October and 21 October 2010 respectively and the highest closing price of HK$0.109 per Share recorded on 22 November 2010. The Issue Price represents a premium of approximately 10% over such lowest closing price of the Share and a discount of approximately 69.72% to such highest closing price of the Share.

We noted that the Issue Price represents a discount of approximately 40.00% to the closing price of HK$0.055 per Share as quoted on the Stock Exchange on the Latest Practicable Date. Given that (i) the Issue Price was determined at the Last Trading Day, i.e. 22 November 2011 and represented a premium of approximately 6.5% to the closing price of HK$0.031 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) as noted from the above table, the price of the Shares was fluctuated since the Last Trading Day; and (iii) as advised by the Company, apart from the Acquisition, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under the Listing Rules since the Last Trading Day, we are of the view that the fluctuation in the price of the Share since the Last Trading Day is affected by the market which is out of the control of the Company and could not be expected at the time of the determination of the Issue Price.

(ii) Comparable Analyses

In order to assess the fairness and reasonableness of the terms of the Consideration Shares, to the best of our knowledge, we have looked into companies listed on the Main Board or the Growth Enterprise Market ("**GEM**") of the Stock Exchange which have made announcements for issue of new shares with value of or not more than HK$100 million (the "**Share Comparables**") from 22 May 2011 up to and including 22 November 2011, being the date of the Share Purchase Agreement, for reference. As the terms of the Share Comparables are determined under similar market conditions and sentiments as the Consideration Shares and the size of the value of the consideration shares of the Share Comparables are limited to be HK$100 million or less, we believe that the Share Comparables may reflect the recent trend of the issue of consideration shares in the market and consider the Share Comparables are fair and representative samples. Our analysis is summarized in the table below:

Comparable (stock code)	**Date of announcements**	**Value of the consideration/ placing/ subscription**	**Premium/ (discount) of issue price over (to) the closing price prior to the release of the announcement**	**Premium/ (discount) of issue price over (to) the average closing price for last five consecutive trading days prior to the release of the announcement**
		HK$	*%*	*%*
Neo Telemedia Limited (8167)	22/11/2011	81,000,000	(14.29)	(7.98)
China Railway Logistics Limited (8089)	21/11/2011	32,400,000	(17.24)	(18.37)
China Environmental Resources Group Limited (1130)	18/11/2011	26,280,000	(18.89)	(14.12)
National Investments Fund Limited (1227)	15/11/2011	16,891,000	3.77	(19.59)
New City (China) Development Limited (456) *(note 2)*	15/11/2011	83,412,000	(77.36)	(77.36) *(note 3)*
Tech Pro Technology Development Limited (3823)	11/11/2011	84,000,000	2.94	2.44

Comparable (stock code)	Date of announcements	Value of the consideration/ placing/ subscription	Premium/ (discount) of issue price over (to) the closing price prior to the release of the announcement	Premium/ (discount) of issue price over (to) the average closing price for last five consecutive trading days prior to the release of the announcement
		HK$	*%*	*%*
China Technology Solar Power Holdings Limited (8111)	4/11/2011	64,080,000	(10.00)	(9.09)
China LotSynergy Holdings Limited (8161) *(note 1)*	2/11/2011	19,512,000	325.00	309.00
Sino Dragon New Energy Holdings Limited (395)	28/10/2011	50,000,000	(17.53)	(4.53)
Zhi Cheng Holdings Limited (8130)	26/10/2011	13,775,200	(19.69)	3.46
Beijing Yu Sheng Tang Pharmaceutical Group Limited (1141)	24/10/2011	76,603,724	(17.70)	(15.45)
Timeless Software Limited (8028)	21/10/2011	25,200,000	(5.10)	(1.20)
Pacific Plywood Holdings Limited (767)	19/10/2011	45,000,000	(35.90)	(36.87)
Pacific Plywood Holdings Limited (767)	19/10/2011	26,151,477	(17.95)	(19.19)
CMMB Vision Holdings Limited (471)	17/10/2011	30,943,260	12.50	32.35
EPI (Holdings) Limited (689)	14/10/2011	14,560,000	(5.20)	15.19

Comparable (stock code)	Date of announcements	Value of the consideration/ placing/ subscription	Premium/ (discount) of issue price over (to) the closing price prior to the release of the announcement	Premium/ (discount) of issue price over (to) the average closing price for last five consecutive trading days prior to the release of the announcement
		HK$	*%*	*%*
China Boon Holdings Limited (922) *(note 1)*	13/10/2011	26,585,366	92.73	101.52
Tsun Yip Holdings Limited (8356)	11/10/2011	93,000,000	(59.60)	(59.60)
Palmpay China (Holdings) Limited (8047)	4/10/2011	11,295,000	(10.00)	(18.33)
Freeman Financial Corporation Limited (279)	3/10/2011	48,079,754	0.00	(2.10)
Willie International Holdings Limited (273)	3/10/2011	48,079,754	0.00	(2.09)
Ruifeng Petroleum Chemical Holdings Limited (8096)	3/10/2011	42,000,000	(9.09)	(4.11)
China Properties Investment Holdings Limited (736)	28/9/2011	7,240,000	(17.73)	(19.77)
ZMAY Holdings Limited (8085)	27/9/2011	28,635,000	(19.77)	(19.39)
Siberian Mining Group Company Limited (1142)	8/9/2011	46,000,000	37.90	22.70
China Technology Solar Power Holdings Limited (8111)	8/9/2011	69,509,500	(8.62)	(2.93)

Comparable (stock code)	Date of announcements	Value of the consideration/ placing/ subscription	Premium/ (discount) of issue price over (to) the closing price prior to the release of the announcement	Premium/ (discount) of issue price over (to) the average closing price for last five consecutive trading days prior to the release of the announcement
		HK$	*%*	*%*
Timeless Software Limited (8028)	7/9/2011	43,500,000	47.10	54.60
Tai Shing International (Holdings) Limited (8103)	2/9/2011	40,000,000	0.00	13.40
China Financial Leasing Group Limited (2312)	1/9/2011	7,120,000	(13.56)	(16.94)
Sino Resources Group Limited (223)	31/8/2011	10,800,000	9.09	9.09
Tech Pro Technology Development Limited (3823)	24/8/2011	88,000,000	2.80	2.14
Ever Fortune International Holdings Limited (875) *(note 2)*	24/8/2011	100,000,000	(68.80)	(72.59) *(note 3)*
Smart Union Group (Holdings) Limited (2700) *(note 2)*	22/8/2011	4,998,700	(71.97)	(77.63)
Vitop Bioenergy Holdings Limited (1178)	12/8/2011	55,500,000	0.00	1.65
Beijing Properties (Holdings) Limited (925)	25/7/2011	78,888,620	(5.37)	(9.94)
Ausnutria Dairy Corporation Ltd (1717)	20/7/2011	32,863,000	40.40	39.30

Comparable (stock code)	Date of announcements	Value of the consideration/ placing/ subscription	Premium/ (discount) of issue price over (to) the closing price prior to the release of the announcement	Premium/ (discount) of issue price over (to) the average closing price for last five consecutive trading days prior to the release of the announcement
		HK$	*%*	*%*
Tech Pro Technology Development Limited (3823)	7/7/2011	90,000,000	2.27	12.05
New Focus Auto Tech Holdings Limited (360)	28/6/2011	33,553,660	9.09	16.50
Tai Shing International (Holdings) Limited (8103)	24/6/2011	7,960,060	1.76	0.00
Vitop Bioenergy Holdings Limited (1178)	31/5/2011	23,340,000	(48.98)	(43.69)
TLT Lottotainment Group Limited (8022)	25/5/2011	30,000,000	(3.95)	(11.46)
Maximum			47.10	54.60
Minimum			(59.60)	(59.60)
Mean			(5.74)	(3.66)
Median			(5.29)	(3.52)
Company			6.50	0.00

Note

(1) Excluded from our analysis due to huge issue price premium

(2) Excluded from our analysis due to such Share Comparables had been under prolonged suspension before the issue of the relevant announcements.

(3) Sourced from Bloomberg as historical share price cannot be found on the website of the Stock Exchange due to such Share Comparables had been under prolonged suspension before the issue of the relevant announcements.

*Source: website of the Stock Exchange (*www.hkex.com.hk*) unless specified otherwise*

Based on the above illustration, the discount/premium represented by the issue price per share issued by respective Share Comparables to their respective closing prices on the last trading day before the suspension of trading in the shares pending for the release of the relevant announcements ranged from a discount of approximately 59.60% to a premium of approximately 47.10%, with a mean of discount of approximately 5.74% and a median of discount of approximately 5.29%. The premium represented by the Issue Price to the closing price on the Last Trading Day falls within the relevant range of the Share Comparables. We noted that the premium represented by the Issue Price to the closing price on the Last Trading Day falls above the mean of the Share Comparables and such premium represents a favorable term to the Company as compared to the mean of the Share Comparables. Also, the median of the Share Comparables is adopted such that the effect of the wide spread of discount and premium amongst the Share Comparables would be minimized. We noted that the premium represented by the Issue Price to the closing price on the Last Trading Day falls above the median of the Share Comparables and such premium represents a favorable term to the Company as compared to the median of the Share Comparables.

In addition, the discount/premium represented by the issue price per share issued by respective Share Comparables to their respective 5-day-average closing prices up to the last trading day before the suspension of trading in the shares pending for the release of the relevant announcements ranged from a discount of approximately 59.60% to a premium of approximately 54.60%, with a mean of discount of approximately 3.66% and a median of discount of approximately 3.52%. The Issue Price which equals to the 5-day-average closing price up to the Last Trading Day falls within the relevant range of the Share Comparables. We noted that the premium of the Issue Price to the 5-day-average closing price up to the Last Trading Day falls above the mean of the Share Comparables and such premium represents a favorable term to the Company as compared to the mean of the Share Comparables. Also, the median of the Share Comparables is adopted such that the effect of the wide spread of discount and premium amongst the Share Comparables would be minimized. We noted that the premium of the Issue Price to the 5-day-average closing price up to the Last Trading Day falls above the median of the Share Comparables and such premium represents a favorable term to the Company as compared to the median of the Share Comparables.

In light of the above, we consider the Issue Price is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

(c) *Convertible Notes*

Pursuant to the Share Purchase Agreement, the remaining amount of HK$45,785,596 of the consideration payable for the Acquisition will be paid by way of the Company issuing the Convertible Notes with equivalent face value, which are convertible to the Shares at a conversion price of HK$0.033 per Share (the "**Conversion Price**") for a total of 1,387,442,303 new Shares. The Convertible Notes will have a three-year maturity period with redemption price at par and carries a zero-coupon.

(i) Comparable analysis

In order to assess the fairness and reasonableness of the terms of the Convertible Notes, to the best of our knowledge, we have looked into companies listed on the Main Board or GEM of the Stock Exchange which have made announcements for issuing convertible bonds/notes with value of or not more than HK$100 million (the "**CB Comparables**") from 22 August 2011 up to and including 22 November 2011, being the date of the Share Purchase Agreement, for reference. Our analysis is summarized in the table below:

Comparable (stock code)	**Date of announcements**	**Value of the convertible notes/bonds**	**Premium/ (discount) of issue price over (to) the closing price prior to the release of the announcement**	**Premium/ (discount) of issue price over (to) the average closing price for last five consecutive trading days prior to the release of the announcement**	**Interest**	**Maturity**
		HK$	*%*	*%*	*%*	*months*
Sunlink International Holdings Limited (2336)	11/11/2011	8,000,000	(85.71)	(87.31)	1.00	24
ABC Communications (Holdings) Limited (30)	8/11/2011	50,000,000	(15.79)	(8.05)	4.00	24
Bao Yuan Holdings Limited (692)	2/11/2011	50,000,000	(16.70)	(18.00)	2.00	36
Pacific Plywood Holdings Limited (767)	19/10/2011	89,600,000	(28.21)	(29.29)	2.00	18
China Boon Holdings Limited (922)	13/10/2011	36,585,366	136.36	147.15	10.00	24
Asia Orient Holdings Limited (214)	6/10/2011	80,000,000	2.80	(4.50)	6.50	36
Rising Development Holdings Limited (1004)	3/10/2011	100,000,000	6.38	(19.35)	5.00	36
Mobile Telecom Network (Holdings) Limited (8266)	28/9/2011	10,000,000	(5.84)	0.00	0.00	N/A
CVM Minerals Limited (705)	2/9/2011	80,000,000	(12.30)	(10.60)	10.00	36
Netel Technology (Holdings) Limited (8256)	25/8/2011	3,500,000	42.86	26.90	4.00	24
Smart Union Group (Holdings) Limited (2700)	22/8/2011	85,100,000	(71.97)	(77.63)	5.00	24
Maximum			136.36	147.15	10.00	36
Minimum			(85.71)	(87.31)	0.00	18
Mean			(4.37)	(7.33)	4.50	28.20
Median			(12.30)	(10.60)	4.00	24.00
Company			6.50	0.00	0.00	36

Based on the above illustration, the premium represented by the Conversion Price to the closing price on the Last Trading Day falls within range of the discount of approximately 85.71% and the premium of approximately 136.36% of the CB Comparables. We noted that the premium represented by the Conversion Price to the closing price on the Last Trading Day falls above the mean and the median of the CB Comparables of discount of approximately 4.37% and 12.30% respectively. The median of the CB Comparables is adopted such that the effect of the wide spread of discount and premium amongst the CB Comparables would be minimized. We noted that the premium represented by the Conversion Price to the closing price on the Last Trading Day falls above the median of the CB Comparables, and such premium represents a favorable term to the Company as compared to the median of the CB Comparables.

In addition, the Conversion Price which equals to the 5-day-average closing price up to the Last Trading Day falls within the relevant range of the discount of approximately 87.31% and the premium of approximately 147.15% of the CB Comparables. We noted that the Conversion Price which equals to the 5-day-average closing price up to the Last Trading Day falls above the mean and the median of the CB Comparables of discount of approximately 7.33% and 10.60% respectively. The median of the CB Comparables is adopted such that the effect of the wide spread of discount and premium amongst the CB Comparables would be minimized. We noted that the premium represented by the Conversion Price to the 5-day-average closing price up to the Last Trading Day falls above the median of the CB Comparables, and such premium represents a favorable term to the Company as compared to the median of the CB Comparables.

In light of the above and (i) the Conversion Price is equivalent to the Issue Price; and (ii) the Convertible Notes are non-interest bearing, we are of the view that the terms of the Convertible Notes are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Independent Shareholders as a whole.

5. Financial effect of the Acquisition

Upon completion of the Acquisition, the Company will indirectly hold 51% of the entire issued share capital of the Chi Capital, which will become an indirectly owned subsidiary of the Company. The results, assets and liabilities of Chi Capital will be consolidated into the accounts of the Group.

Based on the unaudited pro forma financial information of the Enlarged Group in Appendix III to the Circular, the total assets of the Group as at 31 December 2011 would increase by approximately 790.00% from approximately US$3,028,781 (equivalent to approximately HK$23,473,053) to approximately US$26,956,006 (equivalent to approximately HK$208,909,047) and its total liabilities would increase by approximately 296.21% from approximately US$1,981,674 (equivalent to approximately HK$15,357,974) to approximately US$7,851,622 (equivalent to approximately HK$61,242,652). Even though for the period ended 31 December 2011, CMMB Vision (USA) has not yet generated any revenue and profit, the Directors consider that, in view of the synergies with the Group, after the completion of the Acquisition, CMMB Vision (USA) will contribute to the revenue, earnings base and working capital of the Enlarged Group for reasons set out in this section above. Initially, CMMB Vision (USA) is expected to generate revenue from its television operations (channel lease income, advertising income) in New York City. Upon completion of commercial deployment of CMMB, it is also expected to start generating revenue from consumer subscription of CMMB services.

We noted that CMMB Vision (USA) has not commenced operation since incorporation up to 31 December 2011, however, having taken into account that the Acquisition will benefit the worldwide development of the CMMB technology as set out under the section headed "1. Information on Chi Capital and CMMB Vision (USA)" and the section headed "3. Reasons for Acquisition", we consider that it is a fair expectation that the Acquisition will have a positive impact on the revenue of the Group in future.

As advised by the Company, there will be no extra capital expenditure needed for running traditional TV broadcasting business, and the operating cost will be approximately US$1.5 million per annum. Upon the FCC approval, the estimated capital expenditure for setting up the CMMB network in the New York City will be approximately US$30 million, with the anticipated operating costs roughly US$4 million per annum.

As set out in the Board Letter, the Acquisition will not add any material financial or liquidity burden to the Company for the following reasons: (i) the transaction was paid for by means of share and convertible bond issuance; (ii) the acquired target has a balance sheet of US$50,000 in capital and no liabilities; (iii) there is no major capital expenditure expected for the on-going free-to-air TV broadcasting operation, and the maintenance cost can be more than covered by the revenue to be generated by the target company. Should approval been granted to develop CMMB mobile service through the CMMB Vision (USA), which owns the necessary spectrum capacity for deployment, the Company expects to conduct separate fund-raising exercise to satisfy the necessary capital expenditure and operating cost of the CMMB business, and this will not affect the current Company financial position.

As further set out in the Board Letter, the Acquisition will not affect the Company capital or debt structure, as CMMB Vision (USA) has only US$10,000 in capital and no debt. However, since there is the spectrum capacity lease owned by CMMB Vision (USA), upon consolidation there will be significant increase of intangible assets in the Company's balance sheet.

6. Risk factors

As set out in the Board Letter, risk factors for CMMB service mostly pertain to deployment and regulatory constraints of different countries. Each country has its own regulation in accepting foreign technology standard of this nature. In the case of the US, successful deployment will depend on FCC approval for adoption of the technology in the UHF spectrum capacity the Group has and expect to acquire. As advised by the Company, FCC approval follows a standard and established procedure, which is well within the Company's capacity to comply. The Company does not anticipate difficulties in obtaining FCC approvals. However, the Company has no control of its timing, as it could be subject to many factors within the FCC.

There can be no assurance that the disapproval by FCC for the adoption of the technology in the UHF spectrum capacity will not have a material adverse effect on the Group's business, financial condition and results of operations.

We also noted that the Group is engaged in an industry where technology changes play a critical role in influencing the demand for its products and services. Technological advances may lead certain products of the Group obsolete. Therefore, the ability to keep pace with the technology changes, and to introduce enhanced products promptly, will considerably affect the position in the industry. The Group has committed time, effort and other resources to the research and development of new products to meet changing market demands. However, rapid changes in market demand may render the research and development efforts obsolete as the Group may not be capable to achieve the technological advances necessary for it to keep pace with the changes. In such an event, the business, financial condition and results of operations of the Group may be adversely affected.

As noted from the Board Letter, the Company has a strong research and development team under the leadership of Dr. Liu Hui, an executive Director and the vice-chairman of the Board, who is one of the principal initial developers of CMMB. Dr. Liu is also one of the principal developers of other mobile technologies such as TD-SCDMA and TD/LTE. He is participating in the Working Group of Next Generation Broadcasting—Wireless and Triple Convergence (the integrated network for internet, telecommunication and television broadcasting) led by SARFT. He is also a member of ATSC TG3 Working Group in the US helping develop the next generation US television technology standard. In addition, he has formed partnership with many Chinese technology providers working towards the development of CMMB and 4G/LTE convergence.

Having considered that (i) the potential deployment of CMMB services into New York City due to the tremendous growth in mobile data traffic in the coming years in the US and the current technology is not sufficient to handle the anticipated large flow of network data; (ii) the Acquisition will also give the Company an existing operation of a free-to-air TV network in New York; and (iii) the Company has a research and development team, we consider that the risks factors associated with the Acquisition are acceptable so far as the Independent Shareholders are concerned.

7. Potential dilution effect to the public Shareholders

The table showing the effect of the Acquisition on the shareholding structure of the Company has been set out under the section headed "***C. Shareholding Structure upon Completion of the Acquisition***" in the Board Letter.

As noted from the Board Letter, immediately upon completion of the Acquisition and upon issuance of the Consideration Shares, the aggregate interest of Chi Capital and its associates will be 27.53% of the entire issued Shares of the Company. Thus, the shareholding of the Independent Shareholders will be decreased from approximately 94.98% to approximately 72.47% upon the allotment and issue of the Consideration Shares. Chi Capital and its associates have no current intention to convert the Convertible Notes to an extent which would trigger an obligation to make a mandatory general offer after completion of the Acquisition. Accordingly, it is not expected that the Company will have a controlling shareholder immediately upon completion of the Acquisition. We consider the dilution effect is acceptable so far as the Independent Shareholders are concerned.

8. Recommendation

Having considered the above-mentioned principal factors and reasons, we considered (i) the terms of the Share Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Share Purchase Agreement are in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution(s) to approve the Share Purchase Agreement to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

ROMA

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17 August 2012

CMMB Vision Holdings Limited
1701-1702, 17/F,
The Hong Kong Club Building,
3A Chater Road,
Central, Hong Kong

Case Ref: AK/BV847/FEB12

Dear Sir/Madam,

In accordance with the instructions from CMMB Vision Holdings Limited (hereinafter referred to as the "Company") to us to conduct a valuation on the 100% interest of the 24 Megahertz ("MHz") spectrum (hereinafter referred to as the "Spectrum") capacity owned by CMMB Vision (USA) Inc. through a lease arrangement (hereinafter referred to as the "Business Enterprise"), we are pleased to report that we have made relevant enquiries and obtained other information which we consider are relevant for the purpose of providing our valuation as at 30 June 2012 (hereinafter referred to as the "Date of Valuation").

This report states the purpose and basis of valuation, scope of work, economic and industry overviews, overviews of the Company, the Business Enterprise and the Spectrum, major assumptions, valuation methodology, limiting conditions, and presents our opinion of value.

This report is prepared in accordance with the International Valuation Standards. Roma Appraisals is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. The Company is a public company listed on the Main Board of Hong Kong Stock Exchange (Stock code: 471.HK). In addition, Roma Appraisals Limited (hereinafter referred to as "Roma Appraisals") acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company and Business Enterprise, and/or its representative (together referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise and the Spectrum. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise and the Spectrum provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

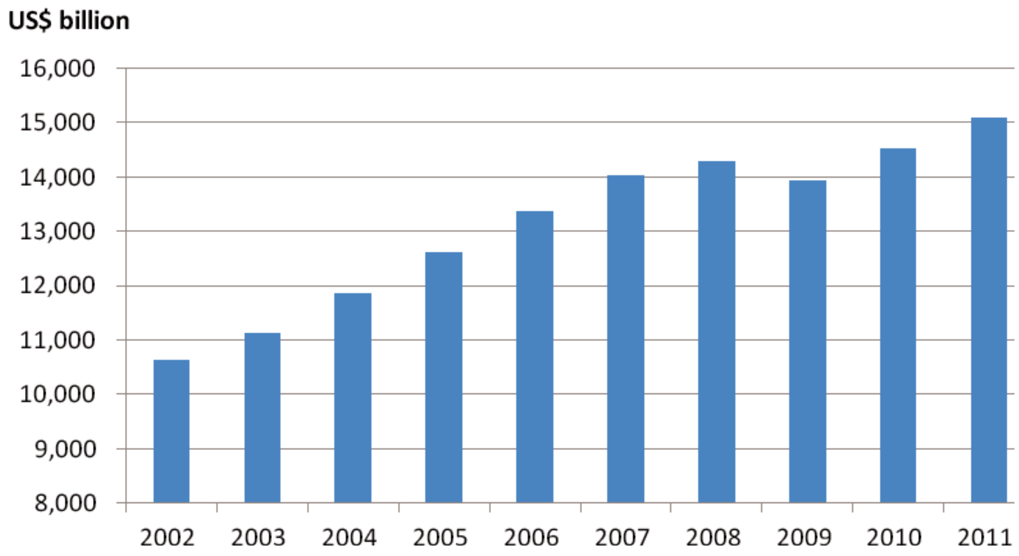
3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in the United States

The economy of the United States ("U.S.") is by far the world's largest nominal economy as in 2010. According to the U.S. Bureau of Economic Analysis, the nominal gross domestic product ("GDP") showed a steady increase from US$10.64 trillion in 2002 to US$14.29 trillion in 2008. However, after the global financial crisis in mid-2008, the nominal GDP decreased to US$13.94 trillion in 2009, showing a 2.47% decrease from that in 2008. The U.S. Congress established a US$700 billion Troubled Asset Relief Program ("TARP") to help stabilizing the financial markets. The U.S. slowly recovered and the nominal GDP increased to US$15.09 trillion in 2011. Figure 1 illustrates the nominal GDP of the U.S. from 2002 to 2011.

The U.S. is one of the countries at the forefront in technological advances, especially in computers and in medical, aerospace, and military equipment. Also, the economy of U.S. is market-oriented, which the central feature is the economic freedom afforded to the private sector by allowing the private sector to make the majority of economic decisions in determining the direction and scale of what the U.S. economy produces. Hence, business firms in the U.S. enjoy greater flexibility than their counterparts in Western Europe and Japan in their decisions to develop new products.

Figure 1 - Nominal Gross Domestic Product of the U.S. from 2002 to 2011



Source: U.S. Bureau of Economic Analysis

4. INDUSTRY OVERVIEW

To facilitate the technology of using internet, watching TV and telecommunication service at the same platform, a highly compatible infrastructure has to be developed for supporting large and simultaneous data transmission. 3rd Generation ("3G") network in telecommunication has been recognized by its high speed data transmission while technology in broadcasting TV signal has turned into digital era with the growing demand of High Definition ("HD") video. Digital broadcasting technology are sharing several dominant network standards around the world nowadays, namely Digital Video Broadcasting ("DVB") mainly practicing in Europe and Australia, Digital Multimedia Broadcasting ("DMB") mainly practicing in Korea and China, Advanced Television Systems Committee ("ATSC") practicing in North America and Integrated Services Digital Broadcasting ("ISDB") mainly practicing in Japan and Latin America. Various standards are located in different countries where competition is mainly come from evolution to an advanced level of network standard locally instead of competing across countries with current existing networks. They are similar in service in delivering TV signal in digital format which is much efficient and faster than analogue format.

4.1 Overview of the CMMB Industry

China Mobile Multimedia Broadcasting ("CMMB") is a digital broadcasting technology developed by the State Administration of Radio, Film, and Television ("SARFT") of the People's Republic of China ("PRC") that can be used for delivering mobile internet data, TV and video. With the collaboration with the U.S., CMMB is the most advanced Orthogonal Frequency-Division Multiplexing ("OFDM") based mobile digital broadcasting technology that enables the complete convergence of mobile and fixed video and broadband data transmission via hybrid terrestrial television-satellite networks.

CMMB differs from the conventional mobile data network such as 3G cellular systems, which adopts a two way, one-to-one (unicast) data delivery architecture, in that it adopts a one way, one-to-many broadcasting (multicasting) delivery of data. CMMB technology tremendously increases spectrum efficiency as the same digital content can be transmitted to an unlimited number of receivers on minimal spectrum resources. It is ideal for broadcasting of digital content which has wide interest such as live television programs.

CMMB can also be differentiated from other competing technologies such as MediaFLO and Digital Video Broadcasting - Handheld ("DBV-H"). Specifically, CMMB can deliver digital content via both terrestrial and satellite transmissions, but MediaFLO can only be transmitted by terrestrial means. Moreover, while DBV-H could also be transmitted by both terrestrial and satellite, the high infrastructure cost and limited choices and high price of supported equipment means its mass market remains insignificant.

CMMB is one of the necessary technologies for developing businesses which provides platform for mobile video and data broadcasting delivered in a faster and more efficient way. Under the world technology trend, the industry growth is due to the influx of next-generation smart mobile devices and internet-based media delivery and social networking services, which propel the demand for high quality mobile video and fast multimedia data downloading.

CMMB has been fully commercialized in over 330 cities in China and is supported by a vast global supply chain and mature ecosystem that is ready to support the expansion of CMMB technology into the international market.

5. THE COMPANY

The Company has previously acquired CMMB International Limited, which controls the global technology licensing of the CMMB core patent technologies for overseas development and promotion. Combining with the acquisition of the Business Enterprise, the Company will be able to have the necessary licensing, spectrum access, system integration solutions, and operating partnerships to become a vertically integrated multimedia service operator with its own proprietary technology, network, and content centre to deploy and deliver CMMB-based mobile entertainment and data services in the international marketplace starting with the U.S., the largest media and internet market in the world, and at the same time act as a platform to promote and internationalize Chinese media culture and technology.

In particular, the acquisition of the Business Enterprise will give the Company a digital terrestrial television platform in New York City with four Ultra High Frequency ("UHF") television stations totalling 24 MHz in spectrum bandwidth capable of broadcasting 24 digital channels covering population in the greater New York City metropolitan area, a Federally approved Flex-Use television network to build a full CMMB service trial network in one of the major U.S. markets, options to procure UHF spectrum in the top 100 or more cities across the U.S. for nationwide network development, next generation broadcast-broadband technologies for CMMB and Long Term Evolution-Fourth Generation ("CMMB-LTE(4G)") convergence under patent filing, potential strategic and operating partnerships with leading U.S. media and technology companies, and a leading management team with deep industry experience.

6. THE BUSINESS ENTERPRISE

The Business Enterprise was established in Delaware, U.S. with limited liability and is owned 100% by Chi Capital Holdings Limited ("Chi Capital") immediately prior to the signing of the sale and purchase agreement dated 22 November 2011 entered into between the Company as the purchaser and Chi Capital as the seller with respect to the sale and purchase of 51% interest of the Business Enterprise.

The Business Enterprise holds the operating assets and platform through spectrum rights, network equipment, leases, patents, licenses, franchises, management team, and strategic partnerships for fully developing and deploying and operating a next generation, ground-breaking, broadcast-broadband convergent network based on CMMB-LTE(4G) technology platforms to deliver multimedia content and service that tailors to the rapidly increasing consumer demand for mobile, wireless, interactive, and high-definition video and data entertainment in the U.S. in the digital and internet era.

7. THE SPECTRUM

The Spectrum leased to the Business Enterprise will be operated under four UHF television stations in the New York City. With a total spectrum bandwidth of 24 MHz, these stations are capable of broadcasting 24 digital channels covering population in the greater New York City metropolitan area. These spectrum capacities were 100% leased to the Business Enterprise for a term of 20 years, according to the spectrum lease agreement between the Business Enterprise and New York Broadband LLC and New York Spectrum Holding Company LLC, who hold licenses and construction permits for four low power television stations in New York City and one in Richmond. The lease period shall automatically renew for 10 years on the 20th anniversary of the initial term and on the 10th anniversary of each additional term. Details of the Spectrum are listed as follows:

New York TV Station Call Signs (Names)	Channel No.	Bandwidth (MHz)	No. of Digital Channels (1 MHz/ Digital Channel)	Federal Communication Commission (FCC) Facility ID	TX Power/ ERP	Antenna Height AGL
WRNN-LD	26	6	6	38945	0.6/0.25 kW	208.1m
WXNY-LD	32	6	6	29231	0.5/7.5kW	208.1m
WNYX-LD	35	6	6	29236	0.5/10kW	208.1m
WNXY-LD	43	6	6	29233	1.0/4.0kW	208.1m

Source: The Management

8. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards, market value is defined as "the estimated amount for which an asset should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

9. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Business Enterprise and the Spectrum. In addition, we have made relevant inquiries and obtained further information and statistical figures regarding the economy of the U.S. as we considered necessary for the purpose of the valuation.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise and the Spectrum provided to us by the Management and had considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The valuation of the Spectrum requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise and the Spectrum;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements;
- The business risk of the Business Enterprise such as the ability in maintaining competent technical and professional personnel; and
- Market transactions of similar spectra.

10. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Spectrum, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing assets that are similar in nature.

10.1 Market-Based Approach

The Market-Based Approach values an asset by comparing prices at which other assets in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar assets that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

10.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the asset. The underlying theory of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the useful life of the asset. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the asset will continue to maintain stable economic benefits and growth rate.

10.3 Asset-Based Approach

The Asset-Based Approach values an asset by aggregating the costs of developing the asset to its current condition, or replacing that asset.

10.4 Spectrum Valuation

In the process of valuing the Spectrum, we have taken into account of the specifications of the Spectrum and relevant information available in the market. The Income-Based Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The Asset-Based Approach was also not adopted because it could not reflect the market value of the Spectrum. We have therefore considered the adoption of the Market-Based Approach in arriving at the market value of the Spectrum.

Under the Market-Based Approach, we first obtained information regarding the transactions of similar spectra and the corresponding considerations or winning bid prices available in the market. In the process of selecting comparable transactions, we have considered whether the spectra of the transactions have comparable specifications as the Spectrum leased to the Business Enterprise. In particular, we have adopted the following criteria:

- UHF with radio frequency range of electromagnetic waves between 300 MHz and 800 MHz;

- Bandwidth of 6 MHz; and

- Geographical coverage in the New York City.

The comparable transactions were selected on a best effort basis as regards the similarity in their spectrum specifications with the Spectrum. As extracted from the Federal Communications Commission of the U.S., there is a database concerning the past auctions for electromagnetic spectrums since 1994. However, based on the three major selection criteria stated above, we have finally arrived at an exhaustive list of six comparable transactions (hereinafter referred to as the "Comparable Transactions") for this valuation and the details are listed as follows:

License	Market Name	Coverage Population *(Note)*	Winning Bid Price (US$)	Bandwidth (MHz)	Price Paid per MHz per Person Under Coverage of the Area (US$/MHz/Pop) (Rounded)
WY-BEA010-E	NYC-Long Is. NY-NJ-CT-PA-MA-VT	25,712,577	224,988,000	6	1.458
WY-BEA004-E	Burlington VT-NY	605,393	318,000	6	0.088
WY-BEA005-E	Albany-Schenectady-Troy NY	1,171,669	424,000	6	0.060
WY-BEA006-E	Syracuse NY-PA	1,902,640	2,050,000	6	0.180
WY-BEA007-E	Rochester NY-PA	1,493,518	1,616,000	6	0.180
WY-BEA008-E	Buffalo-Niagara Falls NY-PA	1,507,759	971,000	6	0.107
				Median (Rounded):	**0.143**

Source: Federal Communications Commission ("FCC") of the U.S.
Note: Based on year 2000 census, as reported by the FCC

The source of the above transactions is a spectrum auction which began on 24 January 2008 and closed on 18 March 2008 as extracted from the Federal Communications Commission of the U.S., which regulates interstate and international communications by radio, television, wire, satellite and cable in all 50 states, the District of Columbia and the U.S. territories. It was established by the Communications Act of 1934 and operates as an independent U.S. government agency overseen by the Congress.

All of the comparable transactions adopted were the winning bids of the auctions for the licenses to operate a specific spectrum. Similar to the Spectrum leased to the Business Enterprise, the spectra of the transactions were licensed to the auction winners, authorizing the licensees to use the spectra without ownership.

To adopt the Market-Based Approach, we have to determine the appropriate valuation multiple of the Comparable Transactions, in which we have considered the price paid per MHz per person under coverage of the area multiple (US$/MHz/Pop) as the most appropriate multiple in calculating the market value of the Spectrum.

We noted that the range of the price paid per MHz per person under coverage of the area multiples of the Comparable Transactions selected was large, so median of the said multiples of the Comparable Transactions was adopted in the valuation, such that the effect of the outliers among the Comparable Transactions would be minimized. Also, we have adopted the population coverage of the Spectrum in the New York City of 8,175,133, based on the latest available census in year 2010 conducted by the U.S. Census Bureau, and the spectrum capacity of 24 MHz of the Spectrum leased to the Business Enterprise. Then we applied the median price paid per MHz per person under coverage of the area multiple to the spectrum capacity of the Spectrum and population coverage to arrive at the market value of the Spectrum as at the Date of Valuation, as illustrated by the formula below:

Market Value of the Spectrum (US$)	=	Median price paid per MHz per person under coverage of the area multiple of the Comparable Transactions (US$/MHz/Pop)	x	Spectrum capacity of the Spectrum leased to the Business Enterprise (MHz)	x	Population coverage of the Spectrum in the New York City (Pop)

10.5 **Sensitivity Analysis**

To determine how the different values of an independent variable would impact a particular dependent variable under a given set of assumptions, a sensitivity analysis was carried out on the market value of the Spectrum in respect of the price paid per MHz per person under coverage of the area from the status quo. The result of the sensitivity analysis was as follows:

Percentage Change in Price Paid per MHz per Person Under Coverage of the Area	**Adopted Price Paid per MHz per Person Under Coverage of the Area (US$/MHz/Pop)**	**Market Value of the Spectrum (US$)**
+10%	0.158	31,000,000
+5%	0.151	30,000,000
0%	0.143	28,000,000
-5%	0.136	27,000,000
-10%	0.129	25,000,000

11. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be sufficient supply of technical staff in the industry in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and
- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

12. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Spectrum. The factors considered included, but were not necessarily limited to, the following:

- Market transactions of similar spectra from FCC;
- License of the Spectrum;
- Agreement made between the Business Enterprise and China Central Television ("CCTV") on 21 February 2011 regarding channel capacity leasing in New York City;
- Information of the Business Enterprise and the Spectrum;
- Market trends of the CMMB industry and other dependent industries;
- General descriptions in relation to the Spectrum and the Business Enterprise; and
- Economic outlook in the U.S.

We have discussed the details with the Management. We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We had assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our opinion.

13. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as company background, business nature and market share of the Business Enterprise provided to us.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on the historical and/or prospective information provided by the Management and other third parties in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Spectrum was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Spectrum.

We have not investigated the title to or any legal liabilities of the Spectrum and have assumed no responsibility for the title to the Spectrum appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public through any means of communication or referenced in any publications without written consent of Roma Appraisals, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

14. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in United States Dollars (US$).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise and the associated companies, or the values reported herein.

15. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the 100% interest of the 24 MHz Spectrum leased to the Business Enterprise as at the Date of Valuation, in our opinion, was reasonably stated as **US$ 28,000,000 (UNITED STATES DOLLARS TWENTY EIGHT MILLION ONLY)**.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited
Kelvin Luk
CVA
Director

Note: Mr. Luk is a member of the International Association of Consultants, Valuators and Analysts (IACVA). He has over six years of experience in valuation and consultation related to the media industry. Mr. Luk has conducted and supervised over twenty valuation cases on various assets of companies, both listed and private, in the media industry and the extracts are shown as follows:

Company Name	**Stock Code**	**Date of Valuation**
Inno-Tech Holdings Limited	8202.HK	31 December 2011
One Media Group Limited	426.HK	30 November 2011
CMMB Vision Holdings Limited	471.HK	25 October 2011
One Media Group Limited	426.HK	30 September 2011
CMMB Vision Holdings Limited	471.HK	31 August 2011
CMMB Vision Holdings Limited	471.HK	31 December 2010
China Mining Resources Group Limited	340.HK	31 August 2010
Inno-Tech Holdings Limited	8202.HK	30 June 2010
Other Private Companies		

Among the above valuation cases, two of them related to the Company involved valuation targets which are engaged in media industry in the U.S. with use of CMMB technology similar to the Business Enterprise.

This report is co-authored by Ms. Angela Kwan, Ms. Winnie Lam, Mr. Terry Hui and Mr. Stephen Chan.

The following is the text of a report, prepared for inclusion in this circular, received from the independent reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

17 August 2012

The Board of Directors
CMMB Vision Holdings Limited
1701-1702, 17/F
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding CMMB Vision (USA) Inc. (the "CMMB Vision (USA)"), for the period from 27 October 2011 (date of incorporation) to 29 February 2012 (the "Relevant Period") (the "Financial Information") prepared on the basis of presentation set out in Note 2, for inclusion in the circular of CMMB Vision Holdings Limited (the "Company") dated 17 August 2012 (the "Circular") in connection with the sale and purchase agreement dated 22 November 2011 (the "Share Purchase Agreement") entered into between the Company and Chi Capital Holdings Limited (the "Chi Capital") pursuant to which the Company would acquire 51% of the issued share capital of the CMMB Vision (USA) at a total consideration of HK$95,182,500 (collectively referred to as the "Acquisition").

The consideration shall be satisfied upon completion (i) as to HK$49,396,904 by issuing a total of 1,496,875,887 ordinary shares of HK$0.01 each in the share capital of the Company (the "Share(s)") at an issue price of HK$0.033 per Share; and (ii) as to HK$45,785,596 by issuing convertible notes with equivalent face value, which are convertible into the Shares at a conversion price of HK$0.033 per Share for a total of 1,387,442,303 new Shares. The Financial Information comprises the financial position of CMMB Vision (USA) as at 29 February 2012 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the Relevant Period and a summary of significant accounting policies and other explanatory information.

CMMB Vision (USA) is principally engaged in development of CMMB related business in the US and incorporated in Delaware, the US with limited liability on 27 October 2011. As at 29 February 2012, CMMB Vision (USA) has no major assets or operating business. CMMB Vision (USA) adopts 31 December as its financial year end date and no statutory audited financial statements have been prepared for CMMB Vision (USA) up to the date of this Circular.

BASIS OF PREPARATION

For the purpose of this report, the directors of CMMB Vision (USA) have prepared the Financial Information for the Relevant Period based on the unaudited financial statements of CMMB Vision (USA) in accordance with Hong Kong Financial Reporting Standards (the ''HKFRSs'') issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA''), the disclosure requirements of Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the ''Listing Rules''). The Financial Information for the Relevant Period were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

RESPONSIBILITY OF THE DIRECTORS

The directors of the Company are responsible for the contents of the Circular, including the preparation of the Financial Information that gives a true and fair view in accordance with the basis set out in Note 2. The directors of CMMB Vision (USA) are responsible for the preparation of the Financial Information that give a true and fair view in accordance with HKFRSs and the Listing Rules, and for such internal control as the directors of CMMB Vision (USA) determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE REPORTING ACCOUNTANTS

It is our responsibility is to form an independent opinion on the Financial Information based on our examination and to report our opinion to you. We examined the relevant audited financial statements or, where appropriate, the relevant unaudited financial statements of CMMB Vision (USA) for the Relevant Period, and carried out such procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information for the Relevant Period, for the purpose of this report and prepared on the basis of presentation and preparation set out in Note 2, gives a true and fair view of the state of affairs of CMMB Vision (USA) as at 29 February 2012 and of the results and cash flows of CMMB Vision (USA) for the Relevant Period.

A. FINANCIAL INFORMATION

Statement of Comprehensive Income

	Notes	**For the period from 27 October 2011 to 29 February 2012** *US$'000*
Turnover	7	—
Cost of sales		—
Gross profit		—
Administrative expenses		—
Profit before taxation	8	—
Taxation	10	—
Profit for the period		—
Other comprehensive income		—
Total comprehensive income for the period, net of tax		—
Profit for the period attributable to owner of CMMB Vision (USA)		—
Total comprehensive profit for the period attributable to owner of CMMB Vision (USA)		—
Earnings per share for the profit attributable to owner of CMMB Vision (USA) -Basic and diluted (US dollars)	12	—

The accompanying notes form an integral part of the Financial Information.

Statement of Financial Position

	Notes	**As at 29 February 2012** *US$'000*
ASSETS		
Current assets		
Cash and cash equivalents		10
		10
Net current assets		10
Total assets less current liabilities		10
EQUITY		
Capital and reserves		
Share capital	13	10
Reserves		—
Total equity attributable to owner of CMMB Vision (USA)		10

The accompanying notes form an integral part of the Financial Information.

Statement of Changes in Equity

	Share capital	Retained profits	Total equity
	US$'000	*US$'000*	*US$'000*
At 27 October 2011 (date of incorporation)	—	—	—
Issue of shares	10	—	10
Profit and total comprehensive income for the period	—	—	—
At 29 February 2012	10	—	10

The accompanying notes form an integral part of the Financial Information.

Statement of Cash Flows

	For the period from 27 October 2011 to 29 February 2012
	US$'000
Cash flows from operating activities	
Profit before taxation	—
Operating profit before working capital changes	—
Net cash used in operating activities	—
Cash flows from financing activities	
Proceeds from issue of shares	10
Net cash generated from financing activities	10
Net increase in cash and cash equivalents	10
Cash and cash equivalents at the beginning of the period	—
Cash and cash equivalents at the end of the period	10
Analysis of balances of cash and cash equivalents	
Cash and cash equivalents	10

The accompanying notes form an integral part of the Financial Information.

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

The registered office and principal place of business of CMMB Vision (USA) is at 17/F., Hong Kong Club Building, 3A Chater Road, Central, Hong Kong. CMMB Vision (USA) was incorporated in Delaware, the United States ("US") with limited liability. CMMB Vision (USA) is principally engaged in investment holding.

The Financial Information is presented in US Dollars ("US$"), which is the functional currency of CMMB Vision (USA) and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the HKICPA, and accounting principles generally accepted in Hong Kong ("HKFRSs") (which also include Hong Kong Accounting Standards and Interpretations) and the Listing Rules as applicable to the Accountants' Reports included in circulars. The accounting policies of CMMB Vision (USA) are materially consistent with the Company's accounting policies. The measurement basis used in the preparation of the Financial Information is historical cost convention accounting.

The HKICPA has issued a number of new and revised HKFRSs during the Relevant Period. For the purpose of preparing this Financial Information, CMMB Vision (USA) has adopted all these new and revised HKFRSs to the Relevant Period.

The presentation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CMMB Vision (USA) has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective.

CMMB Vision (USA) has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Presentation of items in Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) - Int 20	Stripping Costs in Production Phase of Surface Mine[4]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

1 Effective for annual periods beginning on or after 1 July 2011.

2 Effective for annual periods beginning on or after 1 January 2012.

3 Effective for annual periods beginning on or after 1 July 2012

4 Effective for annual periods beginning on or after 1 January 2013.

5 Effective for annual periods beginning on or after 1 January 2014.

6 Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures — Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously affected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

For other new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

(a) **Basis of preparation**

The measurement basis used in the preparation of the Financial Information is the historical cost convention.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment are discussed in Note 3.

(b) **Impairment**

At the end of each reporting period, the directors of CMMB Vision (USA) review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation increase under that standard.

(c) **Financial instruments**

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair through profit or loss are recognised immediately in the consolidated statement of comprehensive income.

Financial assets

CMMB Vision (USA)'s financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss then there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by CMMB Vision (USA) are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of CMMB Vision (USA) after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Financial liabilities (other than derivative financial instruments)

CMMB Vision (USA)'s financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by CMMB Vision (USA) are recorded at the proceeds received, net of direct issue costs.

Repurchase of CMMB Vision (USA)'s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of CMMB Vision (USA)'s own equity instruments.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and CMMB Vision (USA) has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of comprehensive income.

(d) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the consolidated statement of financial position.

(e) **Taxation**

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes consolidated statement of comprehensive income items that are never taxable or deductible. CMMB Vision (USA)'s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(f) **Provisions**

Provisions are recognised when CMMB Vision (USA) has a present obligation as a result of a past event, and it is probable that CMMB Vision (USA) will be required to settle that obligation. Provisions are measured at the best estimate of the directors of CMMB Vision (USA) of the expenditure required to settle the obligation as at the end of the reporting period, and are discounted to present value where the effect is material.

(g) **Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CMMB Vision (USA). It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of CMMB Vision (USA). Contingent assets are not recognised but are disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(h) **Related party transactions**

A party is considered to be related to CMMB Vision (USA) if:

(1) A person or entity is preparing the financial statements of CMMB Vision (USA);

(2) A person or a close member of that person's family is related to CMMB Vision (USA) if that person:

(i) has control or joint control over CMMB Vision (USA);

(ii) has significant influence over CMMB Vision (USA); or

(iii) is a member of the key management personnel of CMMB Vision (USA) or of a parent of CMMB Vision (USA).

(3) An entity is related to CMMB Vision (USA) if any of the following conditions applies:

(i) The entity and CMMB Vision (USA) are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either CMMB Vision (USA) or an entity related to CMMB Vision (USA). If CMMB Vision (USA) is itself such a plan, the sponsoring employers are also related to CMMB Vision (USA).

(vi) The entity is controlled or jointly controlled by a person identified in (2).

(vii) A person identified in (2)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(i) **Segment reporting**

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to CMMB Vision (USA)'s most senior executive management for the purposes of allocating resources to, and assessing the performance of, CMMB Vision (USA)'s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying CMMB Vision (USA)'s accounting policies which are described in Note 2, the management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Income taxes

CMMB Vision (USA) is subject to income taxes in US. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. CMMB Vision (USA) recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. FINANCIAL INSTRUMENTS

(a) **Categories of financial instruments**

	As at 29 February 2012
	US$'000
Financial assets	
Cash and cash equivalents	10
Financial liabilities	
Amortised cost	—

(b) **Financial risk management objectives and policies**

CMMB Vision (USA)'s major financial instruments include cash and cash equivalents. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from CMMB Vision (USA)'s financial instruments are currency risk, credit risk and liquidity risk. The directors of CMMB Vision (USA) review and agree policies for managing each of these risks and they are summarised below.

During the Relevant Period, there has been no change to the types of CMMB Vision (USA)'s exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Currency risk

CMMB Vision (USA) mainly operates in the US with most of the transactions denominated and settled in US Dollars. Most of CMMB Vision (USA)'s monetary assets and liabilities are also denominated in US Dollars. Therefore, CMMB Vision (USA) has no significant currency risk exposure.

Credit risk

CMMB Vision (USA) has no significant concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. CMMB Vision (USA) will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

As at 31 December 2011, CMMB Vision (USA) did not have any financial liabilities.

(c) **Fair value of financial instruments**

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

The directors consider that the carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the consolidated statements of financial position

CMMB Vision (USA)'s financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since CMMB Vision (USA) has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the Relevant Period.

5. CAPITAL RISK MANAGEMENT

The primary objective of CMMB Vision (USA)'s capital management is to safeguard CMMB Vision (USA)'s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. CMMB Vision (USA) manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, CMMB Vision (USA) may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. CMMB Vision (USA)'s objectives, policies or processes for managing capital remain unchanged during the Relevant Period.

The capital structure of CMMB Vision (USA) consists of equity attributable to owners of CMMB Vision (USA), comprising share capital and retained profits. CMMB Vision (USA)'s risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the Relevant Period was as follows:

	As at 29 February 2012
	US$'000
Debt	—
Asset	10
Gearing ratio	N/A

6. OPERATING SEGMENTS

CMMB Vision (USA) has adopted HKFRS 8 Operating Segments. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of CMMB Vision (USA) that are regularly reviewed by the chief operating decision makers for the purposes of allocating resources to segments and assessing their performance. A single management team reports to the chief operating decision makers who comprehensively manages the entire business.

CMMB Vision (USA) does not have any operations during the Relevant Period. Accordingly, CMMB Vision (USA) does not have separately reportable segments.

7. TURNOVER

CMMB Vision (USA) did not generate any turnover during the Relevant Period.

8. PROFIT BEFORE TAXATION

CMMB Vision (USA)'s profit before taxation is arrived at after charging:

	For the period from 27 October 2011 to 29 February 2012 *US$'000*
Auditors' remuneration	—
Staff cost excluding directors' remuneration (Note 9)	
- Wages and salaries	—
- Pension scheme contributions	—

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

(a) Directors' emoluments

	For the period from 27 October 2011 to 29 February 2012 US$'000
Mr. Wong Chau Chi Charles (appointed on 27 October 2011)	—

(b) Five highest paid individuals

As at 31 December 2011, no employee was employed by CMMB Vision (USA). For the period from 27 October 2011 to 29 February 2012, no emoluments were paid to the directors of CMMB Vision (USA) whose emoluments are included in the disclosures in Note 9(a) above respectively. Therefore, no emoluments were paid by CMMB Vision (USA) to any individual.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

During the Relevant Period, no emoluments were paid by CMMB Vision (USA) to the directors, highest paid employees as an inducement to join, or upon joining CMMB Vision (USA), or as compensation for loss of office. None of the directors has waived emoluments during the Relevant Period.

10. TAXATION

	For the period from 27 October 2011 to 29 February 2012
	US$'000
Current tax:	
Provision for the period	—

CMMB Vision (USA) is subject to income tax on an entity basis on profits arising in or derived from the US.

No provision for US tax has been made as CMMB Vision (USA) had no assessable profits arising in US during the Relevant Period.

A reconciliation of the income tax expense applicable to profit before income tax using the statutory rate for the location in which CMMB Vision (USA) is domiciled is presented below:

Period from 27 October 2011 to 29 February 2012

	US$'000	*%*
Profit before taxation	—	—
Tax at the US tax rate	—	—
Tax effect of expenses that are not deductible for tax purpose	—	—
expense and effective tax rate for the period	—	—

As at 29 February 2012, CMMB Vision (USA) did not have any unused estimated tax losses available for offset against future taxable profits. No deferred tax has been provided as CMMB Vision (USA) did not have any significant temporary difference which gave rise to a deferred tax.

11. DIVIDEND

No dividend has been paid or declared by CMMB Vision (USA) since the date of its incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNER OF CMMB VISION (USA)

The calculation of the basic and diluted earnings per share attributable to owner of CMMB Vision (USA) is based on the following data:

	For the period from 27 October 2011 to 29 February 2012
	US$'000
Profit	
Profit for the period attributable to the owner of CMMB Vision (USA) for the purpose of basic earnings per share	—
Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	10,000

Diluted earnings per share for the Relevant Period is the same as the basic earnings per share because no potential dilutive ordinary shares were outstanding during the Relevant Period.

13. SHARE CAPITAL

	Number of shares	**Share capital**
		US$'000
Authorised:		
Ordinary shares at US$1 each		
At 27 October 2011 (date of incorporation) and 29 February 2012	10,000	10
Number of shares		
At 27 October 2011 (date of incorporation)		
Issue of ordinary shares	10,000	10
At 29 February 2012	10,000	10

CMMB Vision (USA) was incorporated with an initial share capital of US$10,000 divided into 10,000 ordinary shares of US$1 each. On incorporation, the Company issued 10,000 ordinary share of US$1 each at par for cash. All the shares rank pari passu in all respects with the existing shares of the Company. The proceeds were used to provide general working capital for the company.

14. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in the Financial Information, which in the opinion of the directors of CMMB Vision (USA), there was no other material related party transaction during the Relevant Period.

During the Relevant Period, no compensation of any kind was paid to CMMB Vision (USA)'s director who was key management personnel of CMMB Vision (USA).

15. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by CMMB Vision (USA) in respect of any period subsequent to 29 February 2012 and no dividends or other distributions have been declared by CMMB Vision (USA) in respect of any period subsequent to 31 December 2011.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

Hon Koon Fai Alex
Practising Certificate Number: P05029
Hong Kong

The following is the text of a report prepared for the purpose of incorporation in this circular received from the reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

17 August 2012

The Board of Directors
CMMB Vision Holdings Limited
1701-1702, 17/F
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of CMMB Vision Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and CMMB Vision (USA) Inc., ("CMMB Vision (USA)") (together with the Group hereinafter collectively referred to as the "Enlarged Group") (the "Unaudited Pro Forma Financial Information of the Enlarged Group") which has been prepared by the directors of the Company for illustrative purpose only, to provide information about the sale and purchase agreement dated 22 November 2011 (the "Share Purchase Agreement") entered into between the Company and Chi Capital Holdings Limited ("Chi Capital") pursuant to which the Company would acquire 51% of the issued share capital of CMMB Vision (USA) at a total consideration of HK$95,182,500 (collectively referred to as the "Acquisition"), might have affected the financial information presented, for inclusion in Appendix III of the circular of the Company dated 17 August 2012 (the "Circular"). The basis of preparation for the Unaudited Pro Forma Financial Information on the Enlarged Group is set out on page 104 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information on the Enlarged Group in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited

Pro Forma Financial Information on the Enlarged Group and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information on the Enlarged Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information on the Enlarged Group with the directors of the Company. This engagement did not involved independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information on the Enlarged Group has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information on the Enlarged Group as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information on the Enlarged Group is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 31 December 2011 or any future date.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information on the Enlarged Group has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information on the Enlarged Group as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

Hon Koon Fai Alex
Practising Certificate Number: P05029
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared in accordance with rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Acquisition as if the Acquisition took place on 31 December 2011.

Upon completion of the Acquisition, the Group will hold 51% equity interests in CMMB Vision (USA), which will be accounted for as a subsidiary of the Group. This unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2011 has been prepared using the accounting policies consistent with those of the Group and based on the audited consolidated statement of financial position of the Group as at 31 December 2011 as extracted from the Company's published annual report for the year ended 31 December 2011 and the audited statement of financial position of CMMB Vision (USA) as at 29 February 2012 as set out in Appendix II to this Circular, after making certain pro forma adjustments as set out in the notes below.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared for illustrative purpose only. It is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and because of its nature, it does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 December 2011. The unaudited pro forma statement of assets and liabilities of the Enlarged Group may not be indicative of the financial position of the Enlarged Group as at the date to which they are made up to or at any future date.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial position of the Enlarged Group following completion of the Acquisition.

	Audited consolidated assets and liabilities of the Group as at 31 December 2011	Audited assets and liabilities of CMMB Vision (USA) as at 29 February 2012	Pro forma adjustments	Notes	Unaudited pro forma consolidated assets and liabilities of the Enlarged Group as at 31 December 2011
	US$	*US$*	*US$*		*US$*
	(Note 1)				
Non-current assets					
Property, plant and equipment	35,061	—			35,061
Intangible assets	1,504,506	—	23,917,225	*2*	25,421,731
	1,539,567	—			25,456,792
Current assets					
Trade and other receivables	1,173,401	—			1,173,401
Bank balances and cash	315,813	10,000			325,813
	1,489,214	10,000			1,499,214
Less: Current liabilities					
Trade and other payables	1,592,645	—			1,592,645
Amount due to a related company	389,029	—			389,029
	1,981,674	—			1,981,674
Net current (liabilities)/assets	(492,460)	10,000			(482,460)
Total assets less current liabilities	1,047,107	10,000			24,974,332
Less: Non-current liabilities					
Convertible notes	—	—	5,869,948	*1*	5,869,948
	—	—			5,869,948
Net assets	1,047,107	10,000			19,104,384

Notes to the unaudited pro forma statement of assets and liabilities of the Enlarged Group:

In preparation of the unaudited pro forma statement of assets and liabilities of the Enlarged Group, since CMMB Vision (USA) did not commenced the business yet, it is assumed that the Acquisition did not constitute an acquisition of business but an acquisition of net assets of CMMB Vision (USA) in substance. In such cases, under Hong Kong Financial Reporting Standard 3 "Business Combination", the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

The adjustments reflected the following:

1. The consideration for the Acquisition to be satisfied by the Company amounted to approximately US$12,202,885 (equal to HK$95,182,500). The consideration is to be satisfied by:

	US$
Issue of Consideration Shares *(Note 1(b))*	6,332,937
Issue of Convertible Notes *(Note 1(c))*	5,869,948
	12,202,885

Notes:

(a) Since the Acquisition did not constitute an acquisition of business but an acquisition of net assets of CMMB Vision (USA) in substance and the consideration for the Acquisition is to be satisfied by issuance of Consideration Shares and Convertible Notes, the Acquisition is therefore accounted for as a share-based payment transaction in accordance with Hong Kong Financial Reporting Standard 2 "Share-based payment" ("HKFRS 2").

(b) In preparing the unaudited pro forma statement of assets and liabilities, it is assumed that the amount of approximately US$6,332,937 has taken to be its fair value as if the Consideration Shares were issued upon completion of the Acquisition.

(c) In accordance with HKFRS 2, the Company shall measure the goods or services acquired and the liability incurred at the fair value of the liability for cash-settled share-based payment transactions. In preparing the unaudited pro forma statement of assets and liabilities, it is assumed that the amount of approximately US$5,869,948 has taken to be its fair value as if the Convertible Notes were issued upon completion of the Acquisition.

2. The pro forma adjustment of approximately US$23,917,225 represented the fair value adjustments of the spectrum leased to CMMB Vision (USA) by New York Broadband LLC and New York Spectrum Holding Company LLC, pursuant to the spectrum lease agreement dated 1 February 2012 (the "Spectrum Lease Agreement"). The Spectrum Lease Agreement will be recognised as intangible assets upon completion of the Acquisition. In preparing the unaudited pro forma statement of assets and liabilities, it is assumed that the Spectrum Lease Agreement and the Acquisition has been completed on 31 December 2011.

The basis of the fair value of the Spectrum Lease Agreement is set out as follows:

	US$
Assumed fair value of consideration to acquire 100% equity interest of CMMB Vision (USA)	23,927,225
Elimination of net assets of CMMB Vision (USA) as at 29 February 2012	(10,000)
	23,917,225

Notes:

(a) Fair value of the consideration to acquire 100% equity interest in CMMB Vision (USA) is assumed as follows:

	US$
Fair value of consideration to acquire 51% equity interest in CMMB Vision (USA)	12,202,885
Fair value of consideration to acquire 100% equity interest in CMMB Vision (USA)	23,927,225

(b) The directors of the Company have reviewed the carrying value of intangible assets of the Enlarged Group which will arise from the Acquisition in accordance with Hong Kong Accounting Standard 36 Impairment of Assets ("HKAS 36"), taking into account the independent valuation report, carried out by Roma Appraisal Limited, an independent professional valuer. Taking into consideration of the assumptions stated in the valuation report and the latest market environment in the assessment of impairment of intangible assets in accordance with HKAS 36, the directors of the Company are of the opinion that there are no indications that the values of the intangible assets may be impaired, as shown in the unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2011. The reporting accountants of the Acquisition concurred with the assessment of impairment of intangible assets by the directors of the Company, in accordance with HKAS 36, in the unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2011.

3. HK$1 equal to US$7.8 is assumed in this unaudited pro forma statement of assets and liabilities.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

Name of Director/ chief executive	Nature of interest	Number and class of securities(1)	Approximate percentage of interest in the Company
Mr. Wong Chau Chi	Interest of controlled corporation(2)	L 241,702,500 ordinary Shares	5.02%
	Beneficial owner(2)	L 26,750,000 options for ordinary Shares	0.56%
Dr. Liu Hui	Beneficial owner(3)	L 10,000,000 options for ordinary Shares	0.21%
Mr. Chou Tsan-Hsiung	Beneficial owner(4)	L 10,000,000 options for ordinary Shares	0.21%
Mr. Yang Yi	Beneficial owner(5)	L 20,000,000 options for ordinary Shares	0.42%
Mr. Wang Wei-Lin	Beneficial owner(6)	L 2,000,000 options for ordinary Shares	0.04%
Mr. Li Shan	Beneficial owner(7)	L 10,000,000 options for ordinary Shares	0.21%
Dr. Li Jun	Beneficial owner(8)	L 10,000,000 options for ordinary Shares	0.21%

Notes:

1. The letter "L" denotes the person's long position in such Shares.

2. Mr. Wong Chau Chi, an executive Director and chairman of the Board and the sole director of Chi Capital, is the beneficial owner of the entire issued share capital of Chi Capital which holds 241,702,500 Shares, and will be interested in another 2,884,318,190 Shares to be issued by the Company as consideration of the Acquisition pursuant to the Share Purchase Agreement. In addition, Mr. Wong Chau Chi also held options in respect of a total of 26,750,000 Shares as at the Latest Practicable Date.

3. Dr. Liu Hui, an executive Director and vice-chairman of the Board, held options in respect of a total of 10,000,000 shares in the Company as at the Latest Practicable Date.

4. Mr. Chou Tsan-Hsiung, a non-executive Director, held options in respect of a total of 10,000,000 Shares as at the Latest Practicable Date.

5. Mr. Yang Yi, a non-executive Director, held options in respect of a total of 20,000,000 Shares as at the Latest Practicable Date.

6. Mr. Wang Wei-Lin, an independent non-executive Director, held options in respect of a total of 2,000,000 Shares as at the Latest Practicable Date.

7. Mr. Li Shan, an independent non-executive Director, held options in respect of a total of 10,000,000 Shares as at the Latest Practicable Date.

8. Dr. Li Jun, an independent non-executive Director, held options in respect of a total of 10,000,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive are deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) **Substantial Shareholders of the Company**

So far as is known to any Director, as at the Latest Practicable Date, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of substantial shareholder	Nature of interest	Number and class of securities[1]	Approximate percentage of interest in the Company
Hansom Group Limited	Beneficial owner	L 479,450,000 ordinary Shares[2]	9.95%
Goodluck Overseas Limited	Interest of controlled corporation	L 479,450,000 ordinary Shares[2]	9.95%
Mr. Zhou Qingzhi	Interest of controlled corporation	L 479,450,000 ordinary Shares[2]	9.95%
Sky Rise Technology Limited	Beneficial owner	L 280,770,000 ordinary Shares[4]	5.83%
Mr. Wang Wei	Interest of controlled corporation	L 280,770,000 ordinary Shares[4]	5.83%
Ms. Liu Yi-Hsien	Beneficial owner	L 3,000,000 ordinary Shares	5.78%
	Interest of controlled corporation	L 275,614,000 ordinary Shares[5]	
Capital Delta Technology Limited	Beneficial owner	L 275,614,000 ordinary Shares[5]	5.72%
Mr. Wang Yu-Huan	Interest of controlled corporation	L 275,614,000[5] ordinary Shares	5.72%
Mr. Wong Chau Chi	Beneficial owner	L 26,750,000 options	5.57%
	Interest of controlled corporation	L 241,702,500 ordinary Shares	
Shikumen Special Situations Fund	Beneficial owner	L 254,170,000 ordinary Shares[3]	5.28%
Shikumen Capital Management (HK) Limited	Interest of controlled corporation	L 254,170,000 ordinary Shares[3]	5.28%
Crosby Capital Limited	Interest of controlled corporation	L 254,170,000 ordinary Shares[3]	5.28%
Chi Capital	Beneficial owner	L 241,702,500 ordinary Shares	5.02%

Notes:

1. The Letter "L" denotes the person's long position in such Shares.

2. These Shares represent the same parcel of Shares. Mr. Zhou Qingzhi is deemed to be interested in such Shares by virtue of his 64.25% equity interest in Goodluck Overseas Limited and Goodluck Overseas Limited is deemed to be interested in such Shares by virtue of its interest in the entire issued share capital of Hansom Group Limited.

3. These Shares represent the same parcel of Shares. Crosby Capital Limited is deemed to be interested in such Shares by virtue of its interest in the entire issued share capital of Shikumen Capital Management (HK) Limited and Shikumen Capital Management (HK) Limited is deemed to be interested in such Shares by virtue of its interest in the entire issued share capital of Shikumen Special Situations Fund.

4. These Shares represent the same parcel of Shares. Mr. Wang Wei is deemed to be interested in such Shares by virtue of his interest in the entire issued share capital of Sky Rise Technology Limited.

5. These Shares represent the same parcel of Shares. Ms. Liu Yi-Hsien is deemed to be interested in such Shares by virtue of his 40% equity interest in Capital Delta Technology Limited and Mr. Wang Yu-Huan is deemed to be interested in such Shares by virtue of his 60% equity interest in Capital Delta Technology Limited.

3. FURTHER INFORMATION CONCERNING THE DIRECTORS

(a) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group (excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation)).

(b) Competing interests

As at the Latest Practicable Date, none of the Directors or their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(c) Directors interests in assets

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of or leased to any member of the Group or proposed to be so acquired, disposed of or leased since 31 December 2011, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

(d) Directors interests in contracts

Other than the Share Purchase Agreement, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading prospects of the Company since 31 December 2011, the date to which the latest audited financial statements of the Company were made up.

5. QUALIFICATIONS OF EXPERTS

The following is the qualifications of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualifications
Veda Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO
HLB Hodgson Impey Cheng Limited	Chartered Accountants Certified Public Accountants
Roma Appraisals Limited	Independent professional valuer

6. CONSENTS OF EXPERTS

Each of Veda Capital, HLB Hodgson Impey Cheng Limited. and Roma Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which it appears.

7. INTERESTS OF EXPERTS

As at the Latest Practicable Date, each of Veda Capital, HLB Hodgson Impey Cheng Limited and Roma Appraisals Limited:

(a) does not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited accounts of the Company were made up.

8. CONTINUATION OF THE PCB TRADING BUSINESS OF THE GROUP

The Group will maintain the existing PCB trading business, and it intends to build it up to be a PCB and finished product trading business (i.e., mobile devices and component assemblies) that is related to CMMB and mobile communication. Doing so the Company's trading business will play a role in facilitating the sales and distribution of CMMB-enabled devices to overseas markets such as the US that is complementing to the Group's main business development effort.

Subsequent to the acquisition, the company will continue to keep the exiting PCB trading business, and intend to build it up to be a PCB and PCB finished product (i.e., mobile device) trading company related to CMMB and other mobile communication products. The components of CMMB mobile devices are the assembly of PCB components. The trading company will be re-oriented toward supporting the CMMB devices exporting to the US and other international markets.

9. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Please refer to the annual reports of the Company for the years ended 31 December 2009, 2010 and 2011 published by the Company on 3 May 2010, 29 April 2011 and 2 May 2012, respectively, which contained information for the three years ended 31 December 2009, 2010 and 2011 with respect to the profits and losses, financial record and position of the Group and the audited consolidated statement of financial position of the Group together with the notes on the annual accounts for the year ended 31 December 2011. The annual reports are available on the Company's website (www.cmmbvision.com) and the Stock Exchange's website (www.hkexnews.hk).

10. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 December 2011 has been disclosed in the annual report of the Company published on 2 May 2012. Such information the annual report is available on the Company's website (www.cmmbvision.com) and the Stock Exchange's website (www.hkexnews.com.hk).

11. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group had outstanding unsecured amount due to a related company of approximately US$500,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the close of business on 30 June 2012, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

12. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into account the Group's internal resources, available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the period of twelve months from the date of this circular.

13. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company expects as the CMMB related multimedia business develops, coupled with funding from investors, the financial situation of the Group will gradually improve.

Also, with the Share Consolidation the Company expects to have less volatility in its share trading and hence can attract more institutional and long-term based investors to involve in the trading of its shares.

14. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

15. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

(a) On 30 May 2012, the Company and Chi Capital entered into a supplemental agreement to the share purchase agreement referred to in paragraph (b) below to amend the consideration for the Acquisition as set out in Share Purchase Agreement. Pursuant to the such supplemental agreement, the consideration for the Acquisition is valued at HK$95,182,500, which will consist of a combination of 1,496,875,887 Consideration Shares and the Convertible Notes that are convertible into a total of 1,387,442,303 Shares at a conversion price of HK$0.033 per Share;

(b) On 22 November 2011, the Company entered into a share purchase agreement with Chi Capital, pursuant to which the Company has conditionally agreed to purchase, and Chi Capital has conditionally agreed to sell, 51% of the equity interest of CMMB Vision (USA). The consideration for the Acquisition is valued at HK$95,182,500, which will consist of a combination of the Consideration Shares and the Convertible Notes to be issued by the Company to Chi Capital;

(c) On 17 October 2011, the Company entered into subscription agreements with 7 subscribers being individuals, institutional or other professional investors who are not connected persons of the Company as at the Latest Practicable Date in respect of the subscription of an aggregate of 687,628,000 new Shares for an aggregate consideration of HK$30,943,260 at the subscription price of HK$0.045 per Share;

(d) On 30 March 2011, the Company and Chi Capital Advisors Ltd. entered into a share sale agreement, pursuant to which the Company agreed to sell the entire share capital of Global Technology International Limited to Chi Capital Advisors Ltd. at a consideration of HK$1,000, which was satisfied by cash;

(e) On 24 December 2010, the Company entered into a sale and purchase agreement with each of Chi Capital and Sky Rise Technology Limited respectively, pursuant to which the Company purchased 51% and 49% equity interest in CMMB International from each of Chi Capital and Sky Rise Technology Limited respectively. On 16 February 2011, the Company entered into a supplemental agreement with Chi Capital to reduce the percentage interest of CMMB International to be acquired from 51% to 16 %. (The sale and purchase agreement with Chi Capital dated 24 December 2010 and the supplemental agreement with Chi Capital dated 16 February 2011 are collectively referred to as the "Chi Capital SPA") The consideration of the transactions are valued at HK$12,835,200, the entire amount of which was paid by way of issuing shares of the Company;

(f) On 23 November 2010, the Company entered into subscription agreements with 6 subscribers being individuals, institutional or other professional investors who are not connected persons of the Company as at the Latest Practicable Date in respect of the subscription of an aggregate of 42,976,800 new Shares for an aggregate consideration of HK$4,727,448 at the subscription price of HK$0.110 per Share; and

(g) On 2 September 2010, the Company entered into an equity transfer agreement with Excel Vangurad Ltd., pursuant to which the Company acquired 30% of the equity interest of each of Fuxue (Beijing) Media Co., Ltd. (北京富學傳媒文化有限公司) and Deshen (Beijing) Interactive Media Co., Ltd. (北京德神傳動廣告有限責任公司) for an aggregate consideration of HK$81,606,926.

16. GENERAL

(a) Mr. Cheung Kai Cheong, Willie is the company secretary of the Company. Mr. Cheung graduated from the University of Glamorgan (UK) with a bachelor degree of Arts in Accounting and Finance. He is a Fellow of Association of Chartered Certified Accountants and a member of Hong Kong Institution of Certified Public Accountants. Mr. Cheung has more than 15 years' experience in accounting and auditing.

(b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at 1701-1702, 17/F., The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

(c) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text for the purpose of interpretation.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at 1701-1702, 17/F., The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong up to and including 7 September 2012:

(a) the articles of association of the Company;

(b) the annual reports of the Company for the financial years ended 31 December 2011;

(c) the Share Purchase Agreement;

(d) other material contracts referred to under item 15 of this appendix;

(e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 41 to 42 of this circular;

(f) the letter of advice from Veda Capital, the text of which is set out on pages 43 to 67 of this circular; and

(g) the written consents referred to in the section headed "CONSENTS OF EXPERTS" in paragraph 112 of this appendix.

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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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of CMMB Vision Holdings Limited (the "**Company**") will be held at President Room, The American Club, Floor 48, Exchange Square Two, Central Hong Kong on 7 September 2012 at 2:30 p.m. for the following purpose:

As Special Business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

1. "**THAT:**

   (a) the Share Purchase Agreement (copies of which are tabled at the EGM, marked "A" and initialled by the chairman of the EGM for identification purpose) and the connected transaction (as defined under the Listing Rules) contemplated thereunder, be and are hereby approved, confirmed and ratified;

   (b) any one director ("**Director(s)**") and/or the company secretary of the Company be and are hereby authorised to perform all such acts, deeds and things and execute all documents as they consider necessary or expedient to effect and implement the Share Purchase Agreement and the connected transaction contemplated thereunder."

2. "**THAT** conditional upon the passing of ordinary resolutions 1 and 2, and the Listing Division of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Consideration Shares and the Conversion Shares to be issued upon conversion of the Convertible Notes, the grant of a specific mandate for the allotment and issue of the Consideration Shares and the Conversion Shares be and is hereby approved."

3. "**THAT** subject to the fulfilment of all the conditions set out in the section headed "Conditions of the Share Consolidation" in the circular of the Company dated 17 August 2012 (the "**Circular**"), a copy of which has been tabled at the meeting marked "B" and initialled by the chairman of the meeting for the purpose of identification, with effect from the date immediately after the date of passing this resolution:

    (a) every ten (10) issued and unissued shares with a par value of HK$0.01 each (each a "**Share**") in the share capital of the Company be consolidated into one (1) share with a par value of HK$0.10 each (each a "**Consolidated Share**"), such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of the shares contained in the memorandum and articles of association of the Company (the "**Share Consolidation**"); and

    (b) the Directors be and are hereby authorized to do all things and acts and sign all documents which they consider necessary, desirable, or expedient in connection with the implementation of the Share Consolidation."

4. "**THAT** the maximum number of options (the " **Scheme Mandate Limit**") for Shares of HK$0.01 each in the capital the Company which could be granted pursuant to the share option scheme of the Company adopted on 5 July 2005 (the "**Share Option Scheme**") be refreshed provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of Shares in issue at the date of approval of such refreshment of the Scheme Mandate Limit."

As at the date hereof, Chi Capital, which is wholly-owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board, held 268,452,500 Shares. The following non-executive Directors also held Shares in the Company in their personal capacity: (1) Mr. Yang Yi held 20,000,000 Shares; (2) Mr. Chou Tsan-Hsiung held 10,000,000 Shares; and (3) Dr. Liu Hui held 10,000,000 Shares.

At the EGM, Mr. Wong Chau Chi and his associates, including Chi Capital, are required to abstain from voting in relation to resolution of approving the Share Purchase Agreement and the transaction thereunder and the grant of a specific mandate for the allotment and issue of the Consideration Shares and Convertible Notes.

Save as disclosed above, no other Shareholders would be required to abstain from voting at theEGM pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and/or the articles of association of the Company.

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

Hong Kong, 17 August 2012

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
1701-1702, 17/F.
The Hong Kong Club Building
3A Chater Road, Central
Hong Kong

Notes:

1. Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as a proxy or, if he/she it has two or more Shares, more than one proxy to attend and vote on his/her/its behalf. A proxy need not be a Shareholder.

2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting or any adjourned thereof in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her/its attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

3. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting thereof if you so wish. In the event that you attend the Meeting after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.

4. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

5. In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the Meeting, either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of such joint registered holders be present at the Meeting, either in person or by proxy, the vote of that one of them so present, either in person or by proxy, whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).

6. Unless otherwise specified in herein, capitalised terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 17 August 2012.

As at the date of this notice, 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.