THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities in the Company.

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)

(1) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.15 PER RIGHTS SHARE (2) PROPOSED BONUS ISSUE OF ONE BONUS SHARE FOR EVERY TWO RIGHTS SHARES TAKEN UP UNDER THE RIGHT ISSUE (3) CHANGE OF BOARD LOT SIZE AND (4) 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 of EGM to be held at 4:00 p.m. on 2 July 2014 at President Room, The American Club, Floor 48, Exchange Square Two, Central, Hong Kong is set out on pages IV-1 to IV-2 of this circular. You are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated. The conditions to the Underwriting Agreement are set out in the sub-section headed "Conditions of the Underwriting Agreement" in the letter from the Board. **The Underwriters may by notice in writing to the Company given served at any time prior to 6:00 p.m. on the Settlement Date or such later time as the Company and the Underwriters may agree, terminate the Underwriting Agreement if any of the grounds of termination as set out in the sub-section headed "Letter from the Board — Termination of the Underwriting Agreement" in this circular happens. If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed.** Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

It is expected that Shares will be dealt with on an ex-rights basis from 4 July 2014. The Rights Shares will be dealt with in their nil-paid form from 14 July 2014 to 21 July 2014. Any person dealing in Shares or Rights Shares between the date of this circular and the date the Rights Issue becomes unconditional will bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue, the Bonus Issue and the Underwriting Agreement is set out on pages 41 to 63 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement is set out on pages 39 to 40 of this circular.

16 June 2014

CONTENTS

Page

In this circular, unless the context otherwise requires, the following expressions used shall have the following meanings:

"Acceptance Date"	:	24 July 2014, being the latest date on which the Rights shares are accepted and paid for, which is a date falling not later than 15 days after the Posting Date (or such other date as the Underwriters and the Company may agree from time to time in writing)
"acting in concert"	:	has the meaning ascribed to it under the Takeovers Code
"Announcements"	:	the announcements of the Company dated 9 April 2014, 23 May 2014 and 30 May 2014 relating to, among other things, the Rights Issue, the Bonus Issue and the Underwriting Agreement
"Board"	:	the board of Directors
"Bonus Issue"	:	the proposed issue of Bonus Shares on the basis of one (1) Bonus Share for every two(2) Rights Shares taken up under the Right Issue
"Bonus Share(s)"	:	means the Share(s) to be allotted and issued pursuant to the Bonus Issue;
"Business Day"	:	any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
"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, being a substantial Shareholder holding 155,857,838 Shares as at the Latest Practicable Date
"Chi Capital Portion"	:	up to 843,706,112 Untaken Shares which Chi Capital has agreed to take up
"Chi Sub-underwriters"	:	Yu Chi Investment Ltd., Mr. He Wei and Refined Honour Ltd., as sub-underwriters in the Rights Issue pursuant to the Chi Sub-underwriting Letter
"Chi Sub-underwriting Letter"	:	a sub-underwriting letter dated 23 May 2014 entered into by and among Chi Capital, the Company and the Chi Sub-underwriters

"Company"	:	CMMB Vision Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"Companies Ordinance"	:	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
"Concert Group"	:	Chi Capital and parties acting in concert with it
"connected person(s)"	:	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	:	has the meaning ascribed thereto under the Listing Rules
"Convertible Notes"	:	Hong Kong dollar denominated convertible notes in the principal amount of HK$45,785,596 issued by the Company to Chi Capital on 14 September 2012
"Director(s)"	:	the director(s) of the Company
"EGM"	:	the extraordinary general meeting of the Company to consider, and, if thought fit, to approve, among other things, the Rights Issue, the Bonus Issue and the Underwriting Agreement
"Executive"	:	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
"Excluded Shareholder(s)"	:	those Overseas Shareholders who, in the opinion of the Directors based on enquiry made in compliance with the Listing Rules, are necessary or expedient to be excluded from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside
"Group"	:	the Company and its Subsidiaries
"HK$"	:	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	:	the Hong Kong Special Administrative Region of the PRC
"HKSCC"	:	Hong Kong Securities Clearing Company Limited

"Independent Board Committee"	:	an independent committee of the Board, comprising Mr. Wang Wei-Lin, Mr. Li Shan and Dr. Li Jun, all being the independent non-executive Directors, which has been established by the Board to advise the Independent Shareholders on the terms of the Rights Issue, the Bonus Issue and the Underwriting Agreement
"Independent Financial Adviser"	:	Veda Capital Limited, a licensed corporation under the SFO licensed to conduct Type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Bonus Issue and the Underwriting Agreement
"Independent Shareholders"	:	the Shareholders other than (i) Chi Capital and parties acting in concert with it and (ii) those who are involved in or interested in the Rights Issue and the Underwriting Agreement
"Independent Third Party"	:	third party which is independent of the Group and its connected persons
"Irrevocable Undertaking"	:	means the undertaking granted by Chi Capital in favour of the Company and the Underwriters, the terms of which are set out in the sub-section headed "Letter from the Board — Irrevocable Undertaking from Chi Capital" in this circular
"Latest Practicable Date"	:	12 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Committee"	:	has the meaning ascribed thereto in the Listing Rules
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange
"Overseas Shareholder(s)"	:	those persons whose addresses as shown on the register of members of the Company on the Record Date are resident in a place outside Hong Kong
"Posting Date"	:	the date on which the dispatch of the Prospectus Documents takes place, which is currently expected to be 10 July 2014
"PRC"	:	the People's Republic of China
"Pre-Listing Share Option Scheme"	:	The share options scheme of the Company adopted on 5 July 2005

"President Securities	:	President Securities (Hong Kong) Limited, a licensed corporation under the SFO licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being a joint underwriter to the Rights Issue
"President Securities Commitment"	:	up to 687,000,000 Rights Shares which President Securities has agreed to take up
"Prospectus"	:	the prospectus to be dispatched to shareholders of the Company on the Posting Date in connection with the Rights Issue, in a form to be agreed between the Company and the Underwriters
"Prospectus Documents"	:	means the Prospectus and the Provisional Allotment Letter
"Provisional Allotment Letter(s)"	:	the provisional allotment letter in respect of the Rights Issue to be issued to the Qualifying Holders, in such a form to be agreed between the Company and President Securities (on behalf of the Underwriters) (it being acknowledged that this shall be based on a market standard precedent)
"PS Sub-underwriters"	:	sub-underwriters who entered into sub-underwriting agreements with President Securities in respect of the Rights Issue
"Qualifying Shareholder(s)"	:	the persons shown on the register of members of the Company on the Record Date, other than the Excluded Shareholders as the date by reference to which provisional allotment of Rights Shares will be made
"Record Date"	:	8 July 2014 (or such other date as the Underwriters and the Company may agree from time to time in writing)
"Rights Issue"	:	the proposed offer of the Rights Shares at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus and the Provisional Allotment Letter and as described in this circular
"Rights Shares"	:	not less than 1,842,421,788 and not more than 2,095,481,376 new Shares to be issued pursuant to the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share in issue on the Record Date

"Sale and Purchase Agreement"	:	the sale and purchase agreement 23 May 2014 entered into between the Company as the purchaser and Chi Capital as the seller with respect to the sale and purchase of 79% interest of Chi Vision (USA) Inc.
"Settlement Date"	:	29 July 2014, being the date being the third Business Day following the Acceptance Date
"SFC"	:	the Securities and Futures Commission of Hong Kong
"SFO"	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Options"	:	outstanding share options granted under the Pre-Listing Share Option Scheme
"Share Registrar"	:	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Share(s)"	:	share(s) of HK$0.10 each in the authorised share capital of the Company
"Shareholder(s)"	:	holder(s) of Share(s)
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Subscription Price"	:	HK$0.15 per Rights Share
"Subsidiaries"	:	has the meaning given to the term "subsidiary" in section 15 of the Companies Ordinance
"Takeovers Code"	:	The Codes on Takeovers and Mergers and Share Buy-backs
"Underwriters"	:	President Securities and Chi Capital
"Underwriting Agreement"	:	the underwriting agreement entered into, inter alia, between the Company and the Underwriters dated 4 April 2014 in relation to the Rights Issue
"Underwritten Shares"	:	all the Rights Shares other than the Rights Shares to be subscribed by Chi Capital pursuant to the Irrevocable Undertaking

"Untaken Shares"	:	any of the Underwritten Shares in respect of which valid acceptances of provisional allotments, accompanied by remittances for the relevant amounts payable on acceptance or application, have not by then been received either on acceptances of provisional allotments (all of which said applications the Company undertakes with the Underwriters to accept before calling upon the Underwriters to perform their obligations imposed by the Underwriting Agreement provided that they have been submitted in accordance with the terms and conditions set out in the Prospectus Documents)
"US"	:	the United States of America
"US$"	:	US dollar, the lawful currency of US
"%"	:	per cent

Termination of the Underwriting Agreement

The Underwriters may by notice in writing to the Company given served at any time prior to 6:00 p.m. on the Settlement Date or such later time as the Company and the Underwriters may agree as the latest time when the Underwriters may terminate the Underwriting Agreement, terminate the Underwriting Agreement if any of the following grounds of termination happens:

(a) in the sole and absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:

(1) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

(2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(b) any material breach of any of the representations, warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriters;

(c) any adverse change in market conditions in Hong Kong or the PRC (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(d) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(e) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(f) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(g) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue.

Upon the giving of notice pursuant the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriters such fees as may then be agreed by the parties hereto. If the Underwriters exercise such right, he Rights Issue will not proceed.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the change in board lot size of the Shares is set out below:

Latest date for return of proxy form of the EGM	:	4:00 p.m. on 30 June 2014
Date and time of the EGM	:	4:00 p.m. on 2 July 2014
Announcement of poll results of the EGM	:	2 July 2014
Last day of dealing in Shares on a cum-rights basis	:	3 July 2014
First day of dealing in Shares on an ex-rights basis	:	4 July 2014
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	:	4:30 p.m. on 7 July 2014
Register of members of the Company closes	:	8 July 2014
Record Date	:	8 July 2014
Register of members of the Company re-opens	:	9 July 2014
Despatch of the Prospectus Documents	:	10 July 2014
First day of dealings in nil-paid Rights Shares in board lots of 5,000 Shares each	:	14 July 2014
Latest time for splitting of nil-paid Rights Shares in board lots of 5,000 Shares each	:	4:30 p.m. on 16 July 2014
First day for free exchange of existing share certificates in board lots of 5,000 Shares each for new share certificates in board lots of 20,000 Shares each	:	16 July 2014
Last day of dealings in nil-paid Rights Shares in board lots of 5,000 Shares each	:	21 July 2014
Latest time for acceptance of, and payment for the Rights Shares	:	4:00 p.m. on 24 July 2014
Rights Issue expected to become unconditional	:	6:00 p.m. on 29 July 2014
Last day of trading of Shares in board lots of 5,000 Shares each in the original counter	:	29 July 2014
Announcement of results of acceptance of the Rights Issue	:	30 July 2014
Effective date of change of board lot size	:	30 July 2014

Designated broker starts to stand in the market to provide matching services for odd lots of Shares	:	30 July 2014
Despatch of certificates for fully-paid Rights Shares on or before	:	31 July 2014
Commencement of dealings in fully-paid Rights Shares in board lots of 20,000 Shares each	:	1 August 2014
The last day for the designated broker to provide matching services for odd lots of Shares	:	21 August 2014
Last day for free exchange of existing share certificates in board lots of 5,000 Shares each for new share certificates in board lots of 20,000 Shares each	:	25 August 2014

Notes:

1. All times in this circular refer to Hong Kong times.

2. The Company will make further announcement if there is any change to the above timetable. Dates or deadlines specified in this circular for events in the above timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Rights Issue, if required, will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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 Director:
Mr. WONG Chau Chi
Dr. Hui LIU

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

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

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

Head office and principal place of business in Hong Kong:
Unit 1211, Level 12, Core F
Cyberport 3
100 Cyberport Road,
Cyberport
Hong Kong

16 June 2014

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.15 PER RIGHTS SHARE
(2) PROPOSED BONUS ISSUE OF ONE BONUS SHARE FOR EVERY TWO RIGHTS SHARES TAKEN UP UNDER THE RIGHT ISSUE
(3) CHANGE OF BOARD LOT SIZE
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

As mentioned in the Announcement, subject to the satisfaction of certain conditions, the Company proposed to raise not less than approximately HK$276.4 million and not more than approximately HK$314.3 million before expenses by way of issue of not less than 1,842,421,788 and not more than 2,095,481,376 new Shares pursuant to the Rights Issue on the basis of two Rights Shares for every one Share in issue on the Record Date at the Subscription Price of HK$0.15 per Rights Share. It is also proposed to allot and issue Shares on the basis of one Bonus Share for every two Rights Shares taken up under the Rights Issue. The Rights Issue will be fully underwritten by the Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriters has conditionally agreed to underwrite on the following basis: (i) firstly, out of all the Untaken Shares Chi Capital shall take up to 843,706,112 Untaken Shares, equivalent to HK$126,555,916.80 (which is the Chi Capital Portion); and (ii) if there is any balance of the Untaken Shares after deducting the Chi Capital Portion, up to 687,000,000 Rights Shares, equivalent to HK$103,050,000 (being the President Securities Commitment), shall be taken up by President Securities. President Securities shall not be required to take up any Rights Shares in excess of the President Securities Commitment in any event; (iii) Chi Capital shall take up any remaining balance of Untaken Shares after deducting the Chi Capital Portion and the portion of the Untaken Shares taken up by President Securities, if any. For the avoidance of doubt, the Chi Capital Portion does not include the 311,715,676 Rights Shares which will be provisionally allotted to Chi Capital as the registered owner of 155,857,838 Shares, or its nominee, pursuant to the Rights Issue and which Chi Capital has agreed to accept or procure to accept pursuant to the relevant Irrevocable Undertaking.

It was disclosed in the announcement of the Company dated 9 April 2014 that assuming full exercise of the Share Options on or before the Record Date and no acceptance by the Qualifying Shareholders (except Chi Capital) under the Rights Issue, Chi Capital would be required to take up 1,254,946,228 Rights Shares and the total shareholding of the Concert Group upon completion of the Rights Issue and the Bonus Issue would amount to approximately 52.48% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Shares. Under such circumstance, Chi Capital would be required to make a mandatory general offer for all the issued Shares under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive, and that Chi Capital would make an application to the Executive for the granting of a whitewash waiver and that if the whitewash waiver is not granted, the Underwriting Agreement would not become unconditional and the Rights Issue would not proceed. On 23 May 2014, the Company, Chi Capital, and the Chi Sub-underwriters (i.e. Yu Chi Investment Ltd., Mr. He Wei and Refined Honour Ltd.) entered into the Chi Sub-underwriting Letter. Pursuant to the Chi Sub-underwriting Letter, each of the Chi Sub-underwriters has undertaken to subscribe for up to 258,921,900 Rights Shares, if called upon by Chi Capital on the terms and conditions of the Chi Sub-underwriting Letter. In the event that Chi Capital is called upon by the Company to subscribe or procure subscribers for any Underwritten Shares in excess of 320,000,000 Rights Shares, it shall call upon the Chi Sub-underwriters to subscribe for any such Underwritten Shares in excess of 320,000,000 Rights Shares in equal proportions. Each of the Sub-underwriters shall be entitled to a sub-underwriting commission of 1.0% of the total subscription price of such Rights Shares which it takes up payable by the Company. The Company shall not issue any Rights Shares to Chi Capital in excess of 631,715,676 Rights Shares, including the 311,715,676 Rights Shares which will be provisionally allotted to Chi Capital as the owner of 155,857,838 Shares which Chi Capital has agreed to accept or procure to accept pursuant to the Irrevocable Undertaking.

By virtue of the Chi Sub-underwriting Letter, Chi Capital will not take up more than 631,715,676 Rights Shares (including the 311,715,676 Rights Shares which will be provisionally allotted to Chi Capital as the registered owner of 155,857,838 Shares, or its nominee, pursuant to the Rights Issue and which Chi Capital has agreed to accept or procure to accept pursuant to the relevant Irrevocable Undertaking) and the total shareholding of the Concert Group upon completion of the Rights Issue and the Bonus Issue would amount to no more than 29.95% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Shares under all circumstances and will not result in a change of control (as defined in the Takeovers Code). Accordingly, Chi Capital will not be required to make a mandatory general offer for all the issued Shares under Rule 26.1 of the Takeovers Code as a result of the Rights Issue and hence will not make an application to the Executive for the granting of a whitewash waiver.

The Shares are currently traded in board lots of 5,000 Shares each. The Board proposes to change the board lot size for trading in the shares of the Company on the Stock Exchange from 5,000 Shares to 20,000 Shares.

The Independent Board Committee has been established to consider the Rights Issue, the Bonus Issue and the Underwriting Agreement. Veda Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee in this regard.

The purpose of this circular is to give you further details of (i) the Rights Issue, the Bonus Issue and the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement; (iv) change of board of size and (v) a notice of the EGM.

RIGHTS ISSUE WITH THE BONUS ISSUE

The Company proposed to raise not less than approximately HK$276.4 million and not more than approximately HK$314.3 million before expenses by way of issue of not less than 1,842,421,788 and not more than 2,095,481,376 new Shares pursuant to the Rights Issue on the basis of two Rights Shares for every one Share in issue on the Record Date at the Subscription Price of HK$0.15 per Rights Share. It is also proposed to allot and issue Shares on the basis of one Bonus Shares for every two Rights Shares taken up under the Rights Issue. Particulars of the Rights Issue and the Bonus Issue are as follows.

Issue statistics

Basis of the Rights Issue	:	two (2) Rights Shares for every one (1) existing Share any Qualifying Holder holds at the close of business on the Record Date together with one (1) Bonus Share for every two (2) Rights Shares taken up under the Rights Issue
Subscription Price	:	HK$0.15 per Rights Share

Number of Shares in issue as at the Latest Practicable Date	:	921,210,894 Shares
Number of Rights Shares	:	not less than 1,842,421,788 (assuming no further issue of new Shares on or before the Record Date) and not more than 2,095,481,376 new Shares (assuming all the outstanding Share Options are exercised and no other issue of new Shares on or before the Record Date) to be issued pursuant to the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share in issue on the Record Date
Number of Bonus Shares	:	not less than 921,210,894 and not more than 1,047,740,688 new Shares to be issued pursuant to the Bonus Issue on the basis of one (1) Bonus Share for every two (2) Rights Shares taken up under the Rights Issue
Enlarged issued share capital upon completion of the Rights Issue and the Bonus Issue	:	3,684,843,576 Shares assuming no further issue of new Shares on or before the Record Date

As at the Latest Practicable Date, save as (i) the Share Options granted under the Pre-Listing Share Option Scheme of the Company entitling the holders to subscribe for a total of 126,529,794 Shares upon full exercise of such options; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 138,744,230 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

Assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the Rights Shares to be issued pursuant to the terms of the Rights Issue and the Bonus Shares to be issued pursuant to the terms of the Bonus Issue together represent 300% of the existing issued share capital of the Company and 75% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue and the Bonus Issue.

Subscription Price

The subscription price of HK$0.15 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 34.2% to the closing price of HK$0.228 per Share as quoted on the Stock Exchange on 3 April 2014, being the last trading day prior to the date of the Underwriting Agreement;

(ii) a discount of approximately 34.5% to the average closing price of approximately HK$0.229 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 3 April 2014;

(iii) a premium of approximately 13.6% to the theoretical ex-rights price of approximately HK$0.132 per Share based on the closing price as quoted on the Stock Exchange on 3 April.

The Subscription Price and the Bonus Issue were arrived at after arm's length negotiation between the Company and the Underwriters with reference to the market prices of Shares and market conditions before the announcement of the Rights Issue. In particular, since the historical closing price of the Shares showed a downward trend during the past twelve months prior to the announcement of the Rights Issue and that the Company was not profitable for the years ended 31 December 2012 and 2013, the Directors consider it desirable to set the Subscription Price at a discount as described above in order to provide incentive to and encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company. In addition, given the market conditions before the announcement of the Rights Issue, including the relatively low liquidity of the Shares in the market, based on the feedbacks from the Underwriters in the course of negotiation of the commercial terms of the Rights Issue, the Board believed that, if there was no Bonus Issue, the Subscription Price would need to be fixed at an even lower level, which might have resulted in adverse impact on the market price of the Shares. The Bonus Issue is intended to provide an additional incentive for Shareholders to participate in the Rights Issue, while making the terms of the Rights Issue commercially acceptable to the Underwriters without having to offer further discount to the Subscription Price as compared to the then prevailing market price of the Shares. Taking into account the foregoing, and that each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Dates, the Directors (excluding the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider the Subscription Price and the structure of the Rights Issue and the Bonus Issue to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares and the Bonus Shares

The Rights Shares and the Bonus Shares, when allotted and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of the allotment of the Rights Shares and the Bonus Shares, both in their fully-paid forms.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on 7 July 2014. It is expected that the last day of dealings in Shares on a cum-rights basis is 3 July 2014 and Shares will be dealt with on an ex-rights basis from 4 July 2014.

The Company will post on the Posting Date copies of the Prospectus Documents to the Qualifying Holders and post copies of the Prospectus marked "For information only" together with a letter in agreed form to the Excluded Shareholders, if any, explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date.

Excluded Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. According to the register of members of the Company as at the Latest Practicable Date, there were a total of eight Overseas Shareholders whose registered addresses were located in Belize, the PRC, Taiwan and the British Virgin Islands. Having made enquiries regarding the feasibility of extending the Rights Issue and the Bonus Issue to the Overseas Shareholders in compliance with Rule 13.36(2) of the Listing Rules and based on the relevant legal opinions provided by legal advisers, the Company considered it is not necessary to exclude such Overseas Shareholders from the Right Issue and the Bonus Issue.

The Company will continue to ascertain whether there are any other Overseas Shareholders in any other jurisdiction(s) on the Record Date and will, if necessary, make further enquiries regarding the feasibility of extending the Rights Issue and the Bonus Issue to such other Overseas Shareholders on the Record Date. Further information in this connection will be set out in the Prospectus containing, among other things, details of the Rights Issue and the Bonus Issue, to be despatched to the Shareholders on the Posting Date. The Company will send copies of the Prospectus to the Excluded Shareholders, if any, for information purposes only, on the Posting Date.

The Company shall provisionally allot Rights Shares which would be provisionally allotted to the Excluded Shareholders had they been Qualifying Shareholders to a person nominated by the Company in nil-paid form and shall by no later than the close of business on the Posting Date advise the Underwriters of the Rights Shares which have been so allotted.

Fractional entitlement to the Rights Shares and the Bonus Shares

On the basis of provisional allotment of two Rights Shares for every one Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise. Fractional entitlements to the Bonus Shares will not be allotted or issued.

No application for excess Rights Shares

The Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, the Company considers that if application for excess Rights Shares is arranged, the Company would be required to put in additional effort and costs to administer the excess Rights Shares application procedures. In particular, given the significant discount of the Subscription Price to the then prevailing market price of the Shares and the Bonus Issue as an additional incentive to encourage Shareholders to participate in the Rights Issue, the Board expects the Rights Issue would have a relatively high level of acceptance, hence the amount of excess Rights Shares is not expected to be significant. Accordingly, in order to save administrative cost in connection with excess application for the Rights Shares, the Board has decided that no excess Rights Shares will be offered to the Qualifying Shareholders and any Untaken Shares will be underwritten by the Underwriters. While Chi Capital may have the opportunity to increase its shareholding in the Company at the Subscription Price by way of underwriting of the Chi Capital Portion in the Rights Issue, unlike application for excess Rights Shares via an excess application process, the taking up of any excess Rights Shares by Chi Capital under the Underwriting Agreement is an contractual obligation which is not subject to Chi Capital's discretion. In assessing whether the lack of application for excess Rights Shares is fair and reasonable in the circumstances, the Board has also considered that under the Underwriting Agreement, Chi Capital (i) has to commit financial resources to underwrite the Chi Capital Portion; (ii) bears the risks in having to take up the Rights Shares even if the actual prevailing market price of the Shares at the time of the closing of the Rights Issue falls below the Subscription Price; and (iii) will not be entitled to any underwriting commission. On the foregoing bases, the Directors consider that the absence of application for excess Rights Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Application for listings

The Company will apply to the Listing Committee for the listings of, and permission to deal in, (i) the Rights Shares in both nil-paid and fully-paid forms; and (ii) the Bonus Shares.

It is expected that the Rights Shares will be dealt with in their nil-paid form from 14 July 2014 to 21 July 2014. Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms and the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms and the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms and the commencement date of dealings in the Bonus Shares, respectively, on the Stock Exchange or such other dates 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. All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms and the Bonus Shares to be admitted into CCASS.

Share certificates for the Rights Issue and the Bonus Issue

Subject to the fulfilment of the condition of the Rights Issue, share certificates for all fully-paid Rights Shares and Bonus Shares are expected to be posted to those entitled thereto by 31 July 2014 by ordinary post at their own risk.

Condition of the Rights Issue and the Bonus Issue

The Rights Issue and the Bonus Issue are conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms or otherwise. The conditions to the Underwriting Agreement are set out in the sub-section headed "Conditions of the Underwriting Agreement" below.

As disclosed in the announcement of the Company dated 23 May 2014 in relation to the Rights Issue, as a result of the sub-underwriting arrangement as set out in the announcement, the Directors consider that the circumstances under which the Concert Group might incur a mandatory general offer obligation as a result of the Rights Issue will not arise. In order to simplify the Rights Issue and the Bonus Issue, the Directors have accordingly determined to remove all conditions relating to the Whitewash Waiver (as defined in the Announcements) following consultation with the Underwriters. Accordingly,

(i) the granting of the Whitewash Waiver (as defined in the Announcements) to Chi Capital by the Executive is removed as a condition to the Rights Issue; and

(ii) the condition relating to shareholders' approval has been modified to the effect that approval for the Whitewash Waiver (as defined in the Announcements) will no longer be required, such that the condition is replaced by the following:

"*the passing at a duly convened general meeting of the shareholders of the Company held on or before the Posting Date of the necessary resolutions of the Independent Shareholders, who are permitted to vote under the Listing Rules, approving the Rights Issue, the Bonus Issue, the Underwriting Agreement and the transactions contemplated thereunder.*"

If the conditions of the Underwriting Agreement are not fulfilled, the Rights Issue and the Bonus Issue will not proceed.

Irrevocable undertaking from Chi Capital

Chi Capital, which was interested in 155,857,838 Shares as at the Latest Practicable Date representing approximately 16.92% of the existing issued Shares, has irrevocably undertaken to the Company and (as separate undertakings) with President Securities that:

(a) to subscribe or procure the subscription of the 311,715,676 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Chi Capital pursuant to the terms of the Rights Issue;

(b) that the Shares referred to in paragraph (a) above will remain registered in the name of Chi Capital at the close of business on the Record Date as they are on the date hereof;

(c) to procure that the acceptances in full in respect of the aforesaid Rights Shares provisionally allotted to Chi Capital and/or its nominees shall be lodged with the Share Registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier's order or such other form as the Company may approve), by no later than 4:00 p.m. on the Acceptance Date or such later date as the Company may agree;

(d) Chi Capital shall not, and shall procure that (so far as reasonably possible) companies controlled by Chi Capital do not, dispose of or transfer any Shares, or any interests therein from the date hereof up to and including two Business Day after the Acceptance Date; and

(e) Chi Capital shall not convert the whole nor any part of the Convertible Notes into Shares at any time prior to the completion of the Rights Issue.

In the event that Chi Capital should fail to comply with the undertakings given above, Chi Capital irrevocably authorise the Company in its discretion to treat this undertaking as Chi Capital's acceptance of such of the Rights Shares provisionally allotted to Chi Capital on the terms of the Prospectus Documents (save as regards the time for acceptance and payment), to allot and issue the same in the name of Chi Capital and to procure the registration of the same in the name of Chi Capital.

The Underwriting Agreement

Date:	4 April 2014
Parties:	(i) the Company; and (ii) President Securities and Chi Capital (collectively, as the Underwriters)
Number of the Underwritten Shares:	The Underwriters have conditionally and severally agreed pursuant to the Underwriting Agreement to underwrite the Underwritten Shares, being not less than 1,842,421,788 and not more than 2,095,481,376 Rights Shares, at the Subscription Price, being the total number of Rights Shares under the Rights Issue excluding 311,715,676 Rights Shares undertaken to be subscribed by Chi Capital pursuant to the irrevocable undertaking mentioned above. The Underwriters will subscribe or procure subscribers for the Untaken Shares on the following basis: (i) firstly, out of all the Untaken Shares Chi Capital shall take up to 843,706,112 Untaken Shares, equivalent to HK$126,555,916.80 (which is the Chi Capital Portion); and (ii) if there is any balance of the Untaken Shares after deducting the Chi Capital Portion, up to 687,000,000 Rights Shares, equivalent to HK$103,050,000 (the "**President Securities Commitment**"), shall be taken up by President Securities. President Securities shall not be required to take up any Rights Shares in excess of the President Securities Commitment in any event;

(iii) Chi Capital shall take up any remaining balance of the Untaken Shares after deducting the Chi Capital Portion and the portion of the Untaken Shares taken up by President Securities pursuant to paragraph (ii) above, if any.

Fees, commission and expenses: In consideration of the Underwriters providing underwriting services under the Underwriting Agreement to the Company in relation to the Rights Issue, and subject to the due performance by the Underwriters of their obligations under the Underwriting Agreement, irrespective of whether or not the Underwriters are called upon to subscribe or procure subscribers for any of the Underwritten Shares, the Company shall pay to President Securities, an aggregate underwriting commission at the rate of 2.5% of the aggregate Subscription Price of the President Securities Commitment. Chi Capital will not be entitled to any underwriting commission or fees.

The Company shall pay all costs, charges and expenses (if any) documented in writing and properly incurred of or incidental to the Rights Issue and the arrangements hereby contemplated including financial advisory and documentation fees, printing and translation charges, the fees of the Company's auditors, solicitors and registrars, and the fees payable to the Stock Exchange, but excluding sub-underwriting fees and expenses relating to the sub-underwriting (if any).

The Underwriters may deduct the full amount of the underwriting commission payable pursuant to the Underwriting Agreement and any costs payable pursuant to the Underwriting Agreement from the amount of any subscription moneys payable by it pursuant to the Underwriting Agreement or, in the event of the Underwriters not being called upon to subscribe or procure subscribers pursuant to the Underwriting Agreement and/or the amount of such subscription moneys payable by it being less than the full amount due to it, such costs, fees and expenses, or the balance thereof, shall be due and payable on the next Business Day following the Settlement Date or on such other date as may be agreed between the Company and the Underwriters.

The commission rate was determined after arm's length negotiation between the Company and the Underwriters by reference to, among other things, the size of the Rights Issue and the current and expected market condition. In view of these factors and the arrangement and the terms of the Underwriting Agreement are on normal commercial terms, the Directors (excluding the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement are conditional on:

(a) the passing at a duly convened general meeting of the shareholders of the Company held on or before the Posting Date of the necessary resolutions of the Independent Shareholders, who are permitted to vote under the Listing Rules and the Takeovers Code, approving the Rights Issue, the Bonus Issue, the Whitewash Waiver (as defined in the Announcements), the Underwriting Agreement and the transactions contemplated thereunder;

(b) the granting of the Whitewash Waiver (as defined in the Announcements) to Chi Capital by the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s);

(c) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Prospectus Documents each duly certified by two Directors or their duly authorised agents in compliance with section 342C of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto), and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;

(d) the posting on the Posting Date of copies of the Prospectus Documents to the Qualifying Holders and the posting of copies of the Prospectus marked "For information only" together with a letter in agreed form to the Excluded Shareholders explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;

(e) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement;

(f) compliance with and performance of all the undertakings and obligations of Chi Capital the Irrevocable Undertaking;

(g) the Listing Committee of the Stock Exchange agreeing to grant listings of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the Posting Date and the Listing Committee of the Stock Exchange not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date.

In the event that the above conditions (other than the conditions (a) and (g)) have not been satisfied and/or waived in whole or in part by the Underwriters on or before the Posting Date or in the event that the condition (g) has not been satisfied on or before 4:00 p.m. on the Settlement Date (or in each case, such later date as the Underwriters and the Company may agree), all liabilities of the parties hereto shall cease and terminate and neither party shall have any claim against the other save that the Company shall indemnify the Underwriters for all reasonable costs, fees and other out of pocket expenses (excluding sub underwriting fees and related expenses) that have been properly incurred and documented in writing by the Underwriters in connection with the underwriting of the Underwritten Shares. The Company shall use all reasonable endeavours to procure the fulfilment of the above conditions (to the extent it is within its power to do so), and shall do all things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue and the arrangements contemplated by the Underwriting Agreement.

As the circumstances under which the Concert Group might incur a mandatory general offer obligation as a result of the Rights Issue will not arise, the Company and the Underwriters agreed to waive and modified the conditions in paragraph (a) and (b) as follows:

(a) the condition set out in paragraph (a) above has been modified to read as follows:

"*the passing at a duly convened general meeting of the shareholders of the Company held on or before the Posting Date of the necessary resolutions of the Independent Shareholders, who are permitted to vote under the Listing Rules, approving the Rights Issue, the Bonus Issue, the Underwriting Agreement and the transactions contemplated thereunder.*"

(b) the condition set out in paragraph (b) above has been waived.

Save as disclosed above, all other terms of the Underwriting Agreement as set out in the announcement of the Company dated 9 April 2014 remain unchanged. Other than conditions (a), (c), (d) (if applicable) and (g), which the parties to the Underwriting agreed not to waive in any circumstances, the parties may waive any other conditions to the Underwriting Agreement as set out above. As at the Latest Practicable Date, other than condition (b) set out above, which has been waived, none of the conditions precedent to the Underwriting Agreement have been satisfied or waived.

Termination of the Underwriting Agreement

The Underwriters may by notice in writing to the Company given served at any time prior to 6:00 p.m. on the Settlement Date or such later time as the Company and the Underwriters may agree as the latest time when the Underwriters may terminate the Underwriting Agreement, terminate the Underwriting Agreement if any of the following grounds of termination happens:

(a) in the sole and absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:

(1) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

(2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(b) any material breach of any of the representations, warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriters;

(c) any adverse change in market conditions in Hong Kong or the PRC (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(d) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(e) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(f) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or

(g) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue.

Upon the giving of notice pursuant the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriters such fees as may then be agreed by the parties hereto. If the Underwriters exercise such right, he Rights Issue will not proceed.

Changes in the shareholding structure of the Company

Set out below is the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue and Bonus Issue under various scenarios:

Scenario 1

Assuming no further issue of new Shares on or before the Record Date:

	(i) As at the Latest Practicable Date		**(ii) Immediately upon completion of the Rights Issue and Bonus Issue**			
			(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		**(b) assuming full acceptance by Chi Capital but nil acceptance by other Qualifying Shareholders under the Rights Issue**	
	No. of Shares	*Approx. %*	*No. of Shares*	*Approx. %*	*No. of Shares*	*Approx. %*
Concert Group *(Note 1)*	155,857,838	16.92	623,431,352	16.92	1,103,431,352	29.95
Yu Chi Investment Ltd.	4,132,653	0.45	16,530,612	0.45	265,985,709	7.22
Mr. He Wei	30,083,725	3.27	120,334,900	3.27	291,936,781	7.92
Refined Honour Ltd.	121,250	0.01	485,000	0.01	261,974,306	7.11
Subscribers to be procured by President Securities and the PS Sub-underwriters						
President Securities	—	—	—	—	190,740,000	5.18
China Times Securities Limited	—	—	—	—	200,002,500	5.43
Kam Fai Securities Company Limited	—	—	—	—	200,002,500	5.43
Other PS-Sub-underwriters *(Note 2)*	—	—	—	—	439,755,000	11.93
Sub-total *(Note 3)*	—	—	—	—	1,030,500,000	27.97
Other public Shareholders	731,015,428	79.35	2,924,061,712	79.35	731,015,428	19.84
Total	921,210,894	100.00	3,684,843,576	100.00	3,684,843,576	100.00

Scenario 2

Assuming all the outstanding Share Options are exercised and no other issue of new Shares on or before on or before the Record Date:

	(i) As at the Latest Practicable Date		(ii) Assuming all the outstanding Share Options are exercised before the Record Date		(iii) Immediately upon completion of the Rights Issue and Bonus Issue (a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of the Rights Issue and Bonus Issue (b) assuming full acceptance by Chi Capital but nil acceptance by other Qualifying Shareholders under the Rights Issue to the maximum extent	
	No. of Shares	*Approx. %*	*No. of Shares*	*Approx. %*	*No. of Shares*	*Approx. %*	*No. of Shares*	*Approx. %*
Concert Group *(Note 1)*	155,857,838	16.92	155,857,838	14.88	623,431,352	14.88	1,103,431,352	26.33
Yu Chi Investment Ltd.	4,132,653	0.45	4,132,653	0.39	16,530,612	0.39	392,515,503	9.37
Mr. He Wei	30,083,725	3.27	30,083,725	2.87	120,334,900	2.87	418,466,575	9.98
Refined Honour Ltd.	121,250	0.01	121,250	0.01	485,000	0.01	388,504,100	9.27
Subscribers to be procured by President Securities and the PS Sub-underwriters								
President Securities	—	—	—	—	—	—	190,740,000	4.55
China Times Securities Limited	—	—	—	—	—	—	200,002,500	4.77
Kam Fai Securities Company Limited	—	—	—	—	—	—	200,002,500	4.77
Other PS-Sub-underwriters *(Note 2)*	—	—	—	—	—	—	439,755,000	10.49
Sub-total *(Note 3)*	—	—	—	—	—	—	1,030,500,000	24.59
Other public Shareholders	731,015,428	79.35	857,545,222	81.85	3,430,180,888	81.85	857,545,222	20.46
Total	921,210,894	100.00	1,047,740,688	100.00	4,190,962,752	100.00	4,190,962,752	100.00

Note:

1. These Shares are registered under the name of Chi Capital, the sole shareholder and sole director of which is Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital. Please refer to the sub-section headed "Information on Chi Capital and the Concert Group" below.

2. The maximum number of Rights Shares and Bonus Shares which may be issued to each of these other PS Sub-underwriters pursuant to the their respective sub-underwriting agreements with President Securities will represent less than 5% of the issued share capital of the Company as enlarged by the Rights Issue and the Bonus Issue.

3. For illustrative purpose only.

President Securities has undertaken that in case it is called upon by the Company to perform its obligations pursuant to the Underwriting Agreement, it will not subscribe on its own account for the Rights Shares and will, as agent, procure subscribers who are independent third parties not connected or associated with the Directors, substantial Shareholders or chief executive of the Company and its subsidiaries, or any of their respective associates and are not acting in concert with the Concert Group. Accordingly, it is not expected that President Securities will hold any Rights Shares of the Company up to a level will lead it to become a substantial shareholder and a connected person of the Company. Accordingly, it is expected that the Company will continue to comply with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.

As at the Latest Practicable Date, President Securities has entered into sub-underwriting agreements with the PS Sub-underwriters, who are Independent Third Parties and not acting in concert with Chi Capital, to sub-underwrite an aggregate of 559,840,000 Rights Shares. In addition to the 559,840,000 Rights Shares, 279,920,000 Bonus Shares will be issued to the sub-underwriters under the Bonus Issue on the basis of one (1) Bonus Share for every two (2) Rights Shares taken up under the Rights Issue. Accordingly, a total of 839,760,000 Shares based on the 559,840,000 Rights Shares and 279,920,000 Bonus Shares will be allotted and issued to the sub-underwriters, representing approximately 91.16% of the existing issued share capital of the Company or approximately 22.79% of the issued share capital as enlarged by the Rights Shares and Bonus Shares upon completion of the Rights Issue and Bonus Issue. President Securities confirmed that none of the PS Sub-underwriters or the subscribers procured by them will hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue and Bonus Issue, and that each of the PS Sub-underwriters and the subscribers procured by them is an Independent Third Party. Please refer to the shareholding tables in this section headed “Changes in the Shareholding Structure of the Company” for the commitments of the PS Sub-underwriters.

As disclosed in the Announcements, Chi Capital has entered into the Chi Sub-underwriting Letter with the Chi Sub-underwriters to sub-underwrite any Rights Shares that Chi Capital would be called upon to take up in excess of 320,000,000 Rights Shares pursuant to the Underwriting Agreement, up to a maximum of 776,765,700 Rights Shares in aggregate. Please refer to the shareholding tables in this section headed “Changes in the shareholding structure of the Company” above for the details of the shareholdings of Chi Capital and each of the Chi Sub-underwriters in the two different scenarios as set out therein.

The Company will take appropriate steps to ensure the sufficient public float be maintained upon completion of the Rights Issue and the Bonus Issue in compliance with Rule 8.08(1)(a) of the Listing Rules.

Reasons for the Rights Issue and Bonus Issue and use of proceeds

The Group is principally engaged in provision of China Mobile Multimedia Broadcasting and agency services and in the process of developing itself into a mobile multimedia service and technology provide, with a view to deliver low-cost and mass-market digital television and multimedia data services to mobile devices.

Assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the gross proceeds from the Rights Issue are expected to be approximately HK$276.4 million before expenses. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK$269.5 million. The net subscription price per Rights Share is expected to be approximately HK$0.146. The proceeds of the Rights Issue will be used in the following manners:

Approximately HK$164.5 million or 61% of the net proceeds will be used for the settlement of the outstanding cash consideration for the acquisition (the "Acquisition") of television stations pursuant to the sale and purchase agreement entered into between the Company and Chi Capital dated 23 May 2014. The Company has previously acquired the capacities of four ultra-high frequency ("UHF") television stations in New York, which have been used to broadcast digital television in partnership with CCTV from China and develop a trial network for flagship CMMB services in the US The Company intends to eventually expand such services across major geographic markets in the US in order to achieve national presence and economies of scale. On 23 May 2014, the Group has entered into a sale and purchase agreement with respect to such acquisition (the "**Acquisition**"). Please refer to the announcement of the Company dated 23 May 2014 and the sub-section headed "Further information about the Acquisition" for further details.

In the event that the conditions precedent to the Rights Issue are satisfied, but the Acquisition is not completed for any reason, including failure to obtain the necessary approval by the independent shareholders (as defined under the Listing Rules) of the Company, the said 61% of the net proceeds from the Rights Issue originally allocated to finance the Acquisition will be utilized to finance the Group's other projects as follows. Approximately HK$80.9 million, or 30%, of the net proceeds will be utilized for the acquisition of spectrum networks in the US, Hong Kong and other Asian markets. Approximately HK$40.0 million, or 14.8%, of the net proceeds will be utilized to as additional funding to finance the Group's deployment of its New York mobile digital network. Approximately HK$33.5 million, or 12.4%, of the net proceeds will be utilized to finance the Group's deployment of its Richmond mobile digital network. Approximately HK$10.0 million, or 3.7%, of the net proceeds will be utilized to as additional funding for research and development in mobile multimedia technologies.

Approximately HK$64.6 million or 24% of the net proceeds will be used for the deployment of the Group's New York network. The Company has been licensed to deploy a CMMB trial network in New York with the four UHF television stations, which, upon its successful deployment, will be operated for commercial production and will serve as a prototype for deployment in other markets.

Approximately HK$13.5 million or 5% of the net proceeds will be used for research and development in mobile multimedia technologies, including NGB-W and the next generation NGBW-LTE convergence network.

Approximately HK$27.0 million, or 10% of the net proceeds will be used for the Group's working capital and general corporate purposes.

In the event that any Share Options are exercised on or before the Record Date resulting in an increase in the net proceeds from the Rights Issue, our intended uses of proceeds set out above will be increased on a pro-rata basis.

The Company has considered other financing methods such as placing and banking facilities to finance the abovementioned uses of the net proceeds from the Rights Issue.

(i) **Placing**

In regard to placing, the Directors are of the view that given the substantial amount of the Shares to be issued, a placing would cause material dilution effect to the shareholding of the existing Shareholders.

As not all Shareholders would be offered the opportunity to participate in a placing of shares, the Directors consider a fund raising through placing would deprive the rights of Shareholders to maintain their proportional shareholdings, thus is not in the best interest of the Shareholders as a whole.

(ii) **Banking facilities**

The Directors consider that utilizing banking facilities for the amount of funds to be raised by the Rights Issue might give rise to negative impact to the gearing ratio and a significant increase in the future finance costs of the Group.

(iii) **Rights issue**

Despite the potential dilution effect of the interests in the Company of the Shareholders who do not participate in the Rights Issue, the Directors consider the following factors outweigh this consideration:

i. Qualifying Shareholders have the option to subscribe the Rights Shares at their sole discretion;

ii. Qualifying Shareholders who do not take up their entitlements can sell the nil-paid Rights Shares in the market;

iii. the Rights Issue offers the Qualifying Shareholders the opportunity to subscribe for their pro-rata Rights Shares and to maintain their respective shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market price of the Shares; and

iv. the Rights Issue will not negatively impact the gearing ratio of the Group or increase the future finance costs of the Group.

Taking into consideration the rights of the Qualifying Shareholders to maintain their proportional shareholdings, the Directors selected the Rights Issue as a more preferred source of financing over other alternative fund-raising methods as set out above.

The Directors (excluding the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms and conditions of the Rights Issue and the Bonus Issue to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Further information about the Acquisition

On 23 May 2014, the Company has entered into the Sale and Purchase Agreement with Chi Capital, pursuant to which the Company as the purchaser has conditionally agreed to purchase, and Chi Capital as the seller has conditionally agreed to sell, 79% interest in Chi Vision (USA) Inc. ("**Chi Vision**"), a company established in Delaware, US with limited liability and is owned as to 20% by New York Broadband Holding Ltd. and 80% by Chi Capital.

Chi Vision holds the user and operating rights and operating assets over six free-to-air UHF spectrum television stations (the "**Television Stations**") inclusive of the spectrum rights, network equipment, site leases broadcasting licenses, business contracts and strategic partnerships pertaining to the operation of such television stations (the "**Assets**"). The particulars of the Television Stations are as follows:

Station call name:	WAGC-LD
Location:	Atlanta, Georgia
Spectrum Use:	470 MHz — 476 MHz
Population coverage:	4,924,305
License grant date:	13 September 2013
License expiration date:	**1 April 2021**
Date of transfer to NY Spectrum:	13 September 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039

Station call name:	KMMC-LD
Location:	San Francisco, California
Spectrum Use:	626 MHz — 632 MHz
Population coverage:	5,474,006
License grant date:	7 November 2011
License expiration date:	**1 December 2014**
Date of transfer to NY Spectrum:	25 June 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039

Station call name:	KQHO-LD
Location:	Houston, Texas
Spectrum Use:	506 MHz — 512 MHz
Population coverage:	4,974,370
License grant date:	23 January 2013
License expiration date:	**1 August 2014** (application for renewal filed on 26 March 2014)
Date of transfer to NY Spectrum:	20 September 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039

Station call name:	KVFW-LD
Location:	Dallas, Texas
Spectrum Use:	584 MHz — 590 MHz
Population coverage:	5,292,011
License grant date:	29 June 2010
License expiration date:	**1 August 2014** (application for renewal filed on 26 March 2014)
Date of transfer to NY Spectrum:	25 June 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039

Station call name:	WTXI-LD
Location:	Miami, Florida
Spectrum Use:	614 MHz — 620 MHz
Population coverage:	4,263,599
License grant date:	3 February 2014
License expiration date:	**1 February 2021**
Date of transfer to NY Spectrum:	8 July 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039

Station call name:	WTBT-LD
Location:	Tampa, Florida
Spectrum Use:	656 MHz — 662 MHz
Population coverage:	2,994,454
License grant date:	26 April 2013
License expiration date:	**1 February 2021**
Date of transfer to NY Spectrum:	8 July 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039

The relevant capital lease for the Television Stations, being the major asset of Chi Vision, has an initial term of 25 years, while the licenses of the Television Stations are subject to renewal from time to time during the term of the lease as indicated in the above summary, with three of these licenses due for renewal within year 2014. The consideration for the Acquisition is determined based on the assumption that all licenses of all the Television Stations will be duly renewed upon expiration. We, however, cannot assure you that any of the licenses for any of the Television Stations will be duly renewed in the future.

The total consideration for the Acquisition is US$68,000,000, out of which US$30,000,000 will be satisfied in cash (the "**Cash Consideration**"). US$8,800,000 has been deducted from the Cash Consideration against the deposit paid by the Group pursuant to the memoranda of understanding between the Company and New York Broadband Holding Ltd., a shareholder of Chi Vision which has transferred the Assets to Chi Vision, as disclosed in the announcements of the Company dated 5 September 2013, 3 October 2013, 6 November 2013 and 15 November 2013. Subject to the completion of the Rights Issue and the satisfaction of the conditions precedent to the Acquisition, the balance of the Cash Consideration of US$21,200,000 will be financed by the net proceeds from the Rights Issue.

Aside from the Cash Consideration, US$38,000,000 of the total consideration for the Acquisition will be satisfied by the issue of convertible notes redeemable by the Company at par with a term of five years, zero coupon rate and a conversion price of HK$0.15 per Share, subject to adjustments arising from certain dilutive events. As at the date of this Circular, other than the Rights Issue and the Bonus Issue, the Company has not entered into any other transactions that will give rise to any adjustment to the conversion price of the convertible notes. The Rights Issue, being an issue of Share by way of rights at a price lower than the market price of the Shares, and the Bonus Issue, as a capitalization issue, will give rise to an adjustment to the conversion price of the convertible notes. Since the Sale and Purchase Agreement was entered into by the Company and Chi Capital before the closing of the Rights Issue and the Rights Issue may or may not complete, the conversion price of the convertible notes as stipulated in the Sale and Purchase Agreement is determined on the basis of the issued share capital of the Company at the time of the execution of the Sale and Purchase Agreement. In the event that the Rights Issue is completed before completion of the Sale and Purchase Agreement, upon which the convertible notes will be issued, the conversion price of the convertible notes to be issued will be fixed at a price which reflects the conversion price as stipulated in the Sale and Purchase Agreement as adjusted by the Rights Issue and Bonus Issue. Assuming that there are no other events giving rise to any adjustment to the conversion price of the convertible notes before the issue of the convertible notes, upon the completion of the Rights Issue and the Bonus Issue, the conversion price of the convertible notes will be adjusted to HK$0.10 per Share.

As disclosed in the announcement of the Company dated 23 May 2014 regarding the Acquisition (the "**VSA Announcement**"), the Acquisition will add six more UHF television stations in each of the top six US metropolitan cities which are San Francisco, Dallas, Houston, Atlanta, Miami and Tampa. The Acquisition, when combined with the Company's New York TV platform, will give the Company one of the largest free-to-air terrestrial television networks in the US to expand its digital television broadcasting services, as well as a scalable wireless spectrum footprint to develop a mobile multimedia service network across the US catering to the roaring demand of digital mobile entertainment and mobile internet content delivery, and hence opening up numerous revenue opportunities for Company to increase its profitability.

The Television Stations will also serve as the first commercial network outside of China to deploy the groundbreaking NGB-W technology which the Company has been developing with Chinese and US partners to bring about the world's most advanced and next generation convergent mobile network dedicated to the mobile internet era. Such a platform will anchor in the US and can leapfrog to the global and Asia market.

Please refer to the VSA Announcement for further details of the Acquisition.

Completion of the Sale and Purchase Agreement is conditional upon, among other things, (i) satisfactory due diligence on the legal, regulatory and financial status of Chi Vision; (ii) the issue of the valuation report on the 79% interest of Chi Vision to be acquired by the Company pursuant to the Sale and Purchase Agreement by an independent professional valuer; (iii) relevant board resolutions, shareholders' approval, regulatory approvals when applicable including the Independent Shareholders' approval of the Acquisition having been obtained; (iv) all other approvals, consents, licenses, permits, transfers, waivers and exemptions necessary to complete and effect the Acquisition having been obtained; and (v) the representations and warranties given by the parties in the Sale and Purchase Agreement being true and correct in all material respect as of the date of the completion. The Company is entitled to waive any of the conditions precedent to the completion of the Sale and Purchase Agreement except the approval of the Acquisition by the Independent Shareholders and the issue of the valuation report on the 79% interest of Chi Vision to be acquired by the Company pursuant to the Sale and Purchase Agreement by an independent professional valuer.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated (see the sub-section headed "Termination of the Underwriting Agreement" above). The conditions to the Underwriting Agreement are set out in the sub-section headed "Conditions of the Underwriting Agreement" above. It is expected that Shares will be dealt with on an ex-rights basis from 4 July 2014 and Rights Shares will be dealt with in their nil-paid form from 14 July 2014 to 21 July 2014. If the Underwriters exercise their right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

Any buying or selling of Shares or Rights Shares between the Latest Practicable Date and the date the Rights Issue becomes unconditional is at an investor's own risk.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in Shares and nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

Set out below is the fund raising activities of the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
30 July 2013	Placing of 20,000,000 new Shares under general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 31 May 2013	Approximately HK$9.2 million	General working capital for operation and business development of the Group	• Administrative and Operation: HKD 2 million • New York CMMB Network Deployment: HKD 3 million • New wireless spectrum and network acquisition: HKD 4.2 million
15 August 2013	Placing of 52,000,000 new Shares under general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 31 May 2013	Approximately HK$24.1 million	General working capital for operation and business development of the Group	• Administrative and Operations: HKD 3 million • New York CMMB Network Deployment: HKD 4 million • New wireless spectrum and network acquisition: HKD 17.1 million
11 September 2013	Placing of 55,945,957 new Shares under general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 31 May 2013	Approximately HK$29.0 million	General working capital for operation and business development of the Group	• Administrative and Operation: HKD 3 million • New York CMMB Network Deployment HKD: 5 million • New wireless spectrum and network acquisition: HKD 21 million
6 December 2013	Placing of 92,500,000 new Shares under general mandate granted by the Shareholders at the extraordinary general meeting of the Company held on 25 November 2013	Approximately HK$36.9 million	General working capital for operation and business development of the Group	• Administrative and operations: HK$8.9 million, out of which approximately HK$4.0 million for general administrative expenses; and HK$4.8 million as payment of fees for professional services including legal, audit, financial advisory, consultancy, and other professional services • New business and network development: HK$28.0 million, out of which approximately HK$3.0 million for network operations; approximately HK$23.0 as deposits for network acquisition and approximately HK$2.0 million for related legal and professional services

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
3 March 2014 and 4 March 2014	Placing of 61,035,149 new Shares under general mandate granted by the Shareholders at the extraordinary general meeting of the Company held on 25 November 2013	Approximately HK$15.77 million	General working capital for operation and business development of the Group	• Administrative and Operations: HK$15.77 million, out of which approximately HK$3.77 million for general administrative expenses; approximately HK$3.0 million to finance the Group's operations in New York; and approximately HK$9.0 million as deposit for network acquisition

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

Mr. Wong Chau Chi, being a Director, is a connected person of the Company, and hence Chi Capital, being an associate of Mr. Wong Chau Chi, is also a connected person of the Company under the Listing Rules. The Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and, as it is not exempt pursuant to Rule 14A.31(3) of the Listing Rules, it is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, Mr. Wong Chau Chi has abstained from voting for the resolutions of the Board to approve the Rights Issue and all related transaction thereof.

As the Company has not made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in accordance with Rule 7.21(1), and that all the Untaken Shares will be underwritten by the Underwriter, Independent Shareholders' approval will be required pursuant to Rule 7.21(2) of the Listing Rules in respect of such arrangement under the Rights Issue.

In addition, as the Rights Issue would increase the issued share capital of the Company by more than 50%, the Rights Issue is made conditional on approval by the Independent Shareholders in accordance with Rule 7.19(6)(a) of the Listing Rules.

CHANGE OF BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded on the Stock Exchange in board lot of 5,000 Shares. Based on the closing price of HK$0.228 per Share (equivalent to a theoretical ex-right price of approximately HK$0.132 per Share) as at 3 April 2014, upon the allotment and issue of the Rights Shares and the Bonus Shares, the value of each board lot of 5,000 Shares is estimated to be approximately HK$600. It is proposed that after the Rights Issue becoming effective, the board lot size of the shares of the Company shall be changed from 5,000 to 20,000 so that the estimated market value per board lot of the Shares will be approximately HK$2,490 (based on the theoretical ex-right price of approximately HK$0.1245 per Share as at the Latest Practicable Date). The Board considers that the change in board lot size will increase the value of each board lot of the shares of the Company, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company. The proposed change in board lot size is not conditional upon the approval by the Independent Shareholders or the completion of the Rights Issue and the Bonus Issue. The Company will proceed with the proposed change in board lot size whether or not the Rights Issue and the Bonus Issue are approved by the Independent Shareholders at the EGM and/or completed.

In order to facilitate the trading of odd lots (if any) of Shares arising from the change of 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 Shares (i.e. less than 20,000 Shares) to make up a full board lot of 20,000 Shares, or to dispose of their holding of odd lots of Shares. Holders of odd lots of Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Ms. Grace Mok (telephone number: (852) 2878 4486) of KGI Asia Limited, at 41/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong during the period from 30 July 2014 to 21 August 2014, both days inclusive.

Holders of Shares in odd lots of less than 20,000 Shares should note that successful matching of the sale and purchase of odd lots of Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangement.

INFORMATION ON 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 of the Company, the executive Director and the chairman of the Board. The principal business activity of Chi Capital is investment holdings.

INFORMATION ON PRESIDENT SECURITIES

President Securities is a company incorporated in Hong Kong, licensed by the SFC to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO. President Securities and its ultimate beneficial owners are Independent Third Parties.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares and, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of the holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

EGM

The Rights Issue, the Bonus Issue and the Underwriting Agreement will be subject to the approval by the Independent Shareholders at the EGM by way of poll.

A notice of the EGM to be held at 4:00 p.m. on 2 July 2014 at President Room, The American Club, Floor 48, Exchange Square Two, Central, Hong Kong is set out on pages IV-1 and IV-2 of this circular at which an ordinary resolution will be proposed for considering, and, if thought fit, approving the Rights Issue, the Bonus Issue and the Underwriting Agreement.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 4:00 p.m. on 30 June 2014. The completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

Pursuant to the Listing Rules, Chi Capital and Mr. Wong Chau Chi, the Chi Sub-underwriters and their respective associates and those who are involved in or interested in the Rights Issue, the Bonus Issue and/or the Underwriting Agreement are required to abstain from voting on the resolution to be proposed at the EGM in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement. Save for Chi Capital and the Chi Sub-underwriters, no Shareholder is involved in or interested in the Rights Issue, the Bonus Issue and/or, the Underwriting Agreement which requires him/her/it to abstain from voting on the relevant resolution at the EGM.

Voting at the EGM will be taken by poll, the results of which will be announced after the EGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 8 July 2014. To qualify for the Rights Issue, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 7 July 2014.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 39 to 40 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement.

Your attention is also drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement and the principal factors and reasons considered by it in arriving thereat. The text of the letter from the Independent Financial Adviser is set out on pages 41 to 63 of this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
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)

16 June 2014

To the Independent Shareholders,

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.15 PER RIGHTS SHARE
(2) PROPOSED BONUS ISSUE OF ONE BONUS SHARE FOR EVERY TWO RIGHTS SHARES TAKEN UP UNDER THE RIGHT ISSUE
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the letter from the Board set out in the circular dated 16 June 2014 of the Company (the "**Circular**") of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the Rights Issue, the Bonus Issue and the Underwriting Agreement and to advise the Independent Shareholders as to the fairness and reasonableness of the Rights Issue and the Underwriting Agreement and to recommend whether or not the Independent Shareholders should vote for the resolutions to be proposed at the EGM to approve the Rights Issue, the Bonus Issue and the Underwriting Agreement. Veda Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement.

We wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to the Rights Issue, the Bonus Issue and the Underwriting Agreement as set out in the Circular. We also draw your attention to the letter from the Board set out in the Circular.

Having taken into account principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we are of the view that the terms of the

Rights Issue, the Bonus Issue and the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue, the Bonus Issue and the Underwriting Agreement.

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

The following is the full text of a letter of advice from Veda Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and Bonus Issue which has been prepared for the purpose of inclusion in this circular.

Veda Capital Limited
Suite 3711, 37/F
Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

16 June 2014

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

Dear Sirs,

(I) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.15 PER RIGHTS SHARE; AND (II) PROPOSED BONUS ISSUE OF ONE BONUS SHARE FOR EVERY TWO RIGHTS SHARES TAKEN UP UNDER THE RIGHTS ISSUE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the Bonus Issue, details of which are set out in the section headed "Letter from the Board" (the "**Board Letter**") in the Company's circular dated 16 June 2014 (the "**Circular**") to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Company proposed to raise not less than approximately HK$276.4 million and not more than approximately HK$314.3 million before expenses by way of issue of not less than 1,842,421,788 and not more than 2,095,481,376 new Shares pursuant to the Rights Issue on the basis of two Rights Shares for every one Share in issue on the Record Date at the Subscription Price of HK$0.15 per Rights Share. It is also proposed to allot and issue Shares on the basis of one Bonus Shares for every two Rights Shares taken up under the Rights Issue.

As at the Latest Practicable Date, Chi Capital was holding in an aggregate of 155,857,838 Shares, representing approximately 16.92% of the total issued share capital of the Company. Mr. Wong Chau Chi, the chief executive officer, an executive Director and the chairman of the Board, is the sole shareholder and director of Chi Capital. Chi Capital has granted Irrevocable Undertaking in favor of the Company and the Underwriters, including, among others, to subscribe or procure the subscription of the 311,715,676 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Chi Capital pursuant to the terms of the Rights Issue.

The Rights Issue will be fully underwritten by the Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite on the following basis: (i) firstly, out of all the Untaken Shares Chi Capital shall take up to 843,706,112 Untaken Shares (being the Chi Capital Portion); and (ii) if there is any balance of the Untaken Shares after deducting the Chi Capital Portion, up to 687,000,000 Rights Shares shall be taken up by President Securities; (iii) Chi Capital shall take up any remaining balance of the Untaken Shares after deducting the Chi Capital Portion and the portion of the Untaken Shares taken up by President Securities, if any. It was disclosed in the announcement of the Company dated 9 April 2014 that Chi Capital would be required to make a mandatory general offer for all the issued Shares under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive, and that Chi Capital would make an application to the Executive for the granting of a whitewash waiver and that if the whitewash waiver is not granted, the Underwriting Agreement would not become unconditional and the Rights Issue would not proceed. On 23 May 2014, the Company, Chi Capital, and the Chi Sub-underwriters (i.e. Yu Chi Investment Ltd., Mr. He Wei and Refined Honour Ltd.) entered into the Chi Sub-underwriting Letter. Pursuant to the Chi Sub-underwriting Letter, each of the Chi Sub-underwriters has undertaken to subscribe for up to 258,921,900 Rights Shares, if called upon by Chi Capital on the terms and conditions of the Chi Sub-underwriting Letter. In the event that Chi Capital is called upon by the Company to subscribe or procure subscribers for any Underwritten Shares in excess of 320,000,000 Rights Shares, it shall call upon the Chi Sub-underwriters to subscribe for any such Underwritten Shares in excess of 320,000,000 Rights Shares in equal proportions. Each of the Sub-underwriters shall be entitled to a sub-underwriting commission of 1.0% of the total subscription price of such Rights Shares which it takes up payable by the Company. The Company shall not issue any Rights Shares to Chi Capital in excess of 631,715,676 Rights Shares, including the 311,715,676 Rights Shares which will be provisionally allotted to Chi Capital as the owner of 155,857,838 Shares which Chi Capital has agreed to accept or procure to accept pursuant to the Irrevocable Undertaking.

By virtue of the Chi Sub-underwriting Letter, Chi Capital will not take up more than 631,715,676 Rights Shares (including the 311,715,676 Rights Shares which will be provisionally allotted to Chi Capital as the registered owner of 155,857,838 Shares, or its nominee, pursuant to the Rights Issue and which Chi Capital has agreed to accept or procure to accept pursuant to the relevant Irrevocable Undertaking) and the total shareholding of the Concert Group upon completion of the Rights Issue and the Bonus Issue would amount to no more than 29.95% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Shares under all circumstances and will not result in a change of control (as defined in the Takeovers Code). Accordingly, Chi Capital will not be required to make a mandatory general offer for all the issued Shares under Rule 26.1 of the Takeovers Code as a result of the Rights Issue and hence will not make an application to the Executive for the granting of a whitewash waiver.

Chi Capital, being a company wholly-owned by Mr. Wong Chau Chi, is an associate of the Mr. Wong Chau Chi under the Listing Rules. Mr. Wong Chau Chi, being a Director, is a connected person of the Company, and hence Chi Capital, being an associate of Mr. Wong Chau Chi, is also a connected person of the Company under the Listing Rules. The Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and, as it is not exempt pursuant to Rule 14A.31(3) of the Listing Rules, it is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Also, as the Company has not made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in accordance with Rule 7.21(1), and that all the Untaken Shares will be underwritten by the Underwriter, Independent Shareholders' approval will be required pursuant to Rule 7.21(2) of the Listing Rules in respect of such arrangement under the Rights Issue.In addition, as the Rights Issue would increase the issued share capital of the Company by more than 50%, the Rights Issue is made conditional on approval by the Independent Shareholders in accordance with Rule 7.19(6)(a) of the Listing Rules.

Chi Capital and Mr. Wong Chau Chi and their associates and Shareholders who have a material interest in the Underwriting Agreement and/or the Rights Issue will abstain from voting.

Mr. Wang Wei-Lin, Mr. Shan Li and Dr. Li Jun, being the independent non-executive Directors, have been appointed by the Board to form the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution(s) regarding the Rights Issue, the Bonus Issue and the Underwriting Agreement.

Our role as the Independent Financial Adviser is to (i) give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Rights Issue, the Bonus Issue and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in relation to (i) above.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. 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 assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Circular, Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed in the Circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group.

We have not considered the tax consequences on the Qualifying Shareholders arising from the subscription for, holding of or dealing in the Rights Shares, Bonus Shares or otherwise, since these are particular to their own circumstances. We will not accept responsibility for any tax effect on, or liabilities of, any person resulting from the subscription for, holding of or dealing in the Rights Shares, Bonus Shares or the exercise of any rights attaching thereto or otherwise. In particular, Qualifying Shareholders subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Rights Issue and the Bonus Issue and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and the Bonus Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Rights Issue and the Bonus Issue, we have considered the following principal factors and reasons:

1. Financial information of the Group

(i) *For the year ended 31 December 2013*

As set out in the annual report of the Company ("**AR 2013**") for the financial year ended 31 December 2013, the Group recorded revenue of approximately US$713,774, representing an increase of approximately 168.10% from that for the financial year ended 31 December 2012 of approximately US$266,227. As advised by the Company, the increase in revenue was mainly derived from the operations of the digital TV broadcasting business in New York.

The Group recorded a loss for the year of approximately US$293,151 for the financial year ended 31 December 2013, representing a significant decrease in loss of approximately 97.24% from that for the financial year ended 31 December 2012 of approximately US$10,615,261. As advised by the Company, the decrease in loss was mainly attributable to (i) the increase in revenue generated from the New York TV broadcasting business; and (ii) the reduction in impairment loss recognized on an intangible asset as compared to the financial year ended 31 December 2012.

As set out in the AR 2013, the Group has current assets of approximately US$2,271,198 as at 31 December 2013 in which bank balances and cash contributed approximately US$877,155 and the Group's current liabilities as at 31 December 2013 were approximately US$2,121,967.

(ii) *For the year ended 31 December 2012*

As set out in the annual report of the Company ("**AR 2012**") for the financial year ended 31 December 2012, the Group recorded revenue of approximately US$266,227, while the Group did not record any revenue for the financial year ended 31 December 2011. As advised by the Company, the record of revenue was mainly due to the commencement of the digital TV broadcasting business in New York.

The Group recorded a loss of approximately US$10,615,261 for the financial year ended 31 December 2012. For the financial year ended 31 December 2011, the Group recorded a profit attributable to owners of the Company of approximately US$6,055,207, with the inclusion of a loss of approximately US$16,418,676 from continuing operations and a profit of approximately US$22,473,883 from discontinued operations. In relation to the loss recorded from continuing operations, the decline in loss for the financial year ended 31 December 2012 represents an approximately 35.35% from that for the financial year ended 31 December 2011. As advised by the Company, the decrease in loss was mainly attributable to (i) the Group started generating revenue from the commencement of the digital TV broadcasting business in New York; and (ii) the reduction in loss on fair value change of forward contract as compared to the financial year ended 31 December 2011.

As set out in the AR 2012, the Group has current assets of approximately US$2,022,746 as at 31 December 2013 in which bank balances and cash contributed approximately US$822,877 and the Group's current liabilities as at 31 December 2013 were approximately US$1,881,270.

2. Reasons for the Rights Issue and the Bonus Issue and the use of proceeds

The Group is principally engaged in provision of China Mobile Multimedia Broadcasting and agency services and in the process of developing itself into a mobile multimedia service and technology provide, with a view to deliver low-cost and mass-market digital television and multimedia data services to mobile devices.

As set out in the Board Letter, assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the gross proceeds from the Rights Issue are expected to be approximately HK$276.4 million before expenses. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK$269.5 million. The proceeds of the Rights Issue will be used in the following manners:

Approximately HK$164.5 million or 61% of the net proceeds will be used for the settlement of the outstanding cash consideration for the acquisition of 79% interest in Chi Vision (the "**Acquisition**"). The Company has previously acquired the capacities of four ultra-high frequency ("**UHF**") television stations in New York, which have been used to broadcast digital television in partnership with CCTV from China and develop a trial network for flagship CMMB services in the US. The Company intends to eventually expand such services across major geographic markets in the US in order to achieve national presence and economies of scale. On 23 May 2014, the Company has entered into the sale and purchase agreement with Chi Capital (the "**S&P 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, 79% interest in Chi Vision, a company established in Delaware, US with limited liability and is owned as to 20% by New York Broadband Holding Ltd. and 80% by Chi Capital.

Approximately HK$64.6 million or 24% of the net proceeds will be used for the deployment of the Group's New York network. The Company has been licensed to deploy a CMMB trial network in New York with the four UHF television stations, which, upon its successful deployment, will be operated for commercial production and will serve as a prototype for deployment in other markets.

Approximately HK$13.5 million or 5% of the net proceeds will be used for research and development in mobile multimedia technologies, including NGB-W and the next generation NGBW-LTE convergence network.

Approximately HK$27.0 million, or 10% of the net proceeds will be used for the Group's working capital and general corporate purposes.

As noted from the AR 2012, the Group's main business will apply the CMMB technology to address the growing bottleneck caused by video and Internet data content distribution, which can no longer be accommodated by the conventional unicast — based mobile communication technologies. Globally, its goal is to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

In September 2012, the Group acquired (the "**Sept Acquisition**") 51% of the issued share capital of CMMB Vision (USA) Inc. ("**CMMB Vision (USA)**") which has become a non-wholly owned subsidiary of the Company. We noted from the circular of the Company dated 17 August 2012 in relation to the Sept Acquisition (the "**Sept Acquisition Circular**") that CMMB Vision (USA) owns four TV channels 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. Furthermore, the wholly-owned subsidiary of CMMB Vision (USA) has entered an agreement with China Central Television ("**CCTV**") for making 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. We further noted from the Sept Acquisition Circular that the deployment of CMMB in the US would validate the CMMB technology as an international technology and the Company intended to use the US market as the foundation for technology transfer and globalization of the CMMB.

As disclosed in the announcements of the Company dated 5 September 2013, 3 October 2013 and 15 November 2013, CMMB Vision (USA) has entered into four memoranda of undertaking with New York Broadband Holding Ltd. in relation to the acquisition of certain UHF TV station spectrum usage rights in several main cities of the US, e.g. Dallas-Forth of Texas, Miami and Tempa of Florida, Alanta, San Francisco. The acquisition, if completed, will significantly increase the Company's spectrum footprint in the US in addition to New York that it has already acquired and will well position the Company to develop the first nationwide next-generation mobile digital delivery network in the most populous US cities to provide ground-breaking mobile video and multimedia services with unprecedented cost and efficiency. We are given to understand from the Company that the abovementioned UHF TV station spectrum usage rights have been transferred to Chi Vision. As noted from the announcement of the Company dated 23 May 2014 (the "**VSA Announcement**"), the Group has entered into a sale and purchase agreement with respect to the Acquisition. As at the Latest Practicable Date, Chi Vision holds the users and operating rights and operating assets over six free-to-air UHF spectrum television stations inclusive of the spectrum rights, network equipment, site leases, patents, broadcasting licenses, business contracts and strategic partnerships pertaining to the operation of such television stations and completion of the S&P Agreement is conditional upon, among other things, (i) satisfactory due diligence on the legal, regulatory and financial status of Chi Vision; (ii) the issue of the valuation report on the 79% interest of Chi Vision to be acquired by the Company pursuant to the Sale and Purchase Agreement by an independent professional valuer; (iii) relevant board resolutions, Shareholders' approval, regulatory approvals when applicable including the Independent Shareholders' approval of the Acquisition having been obtained; (iv) all other approvals, consents, licenses, permits, transfers, waivers and exemptions necessary to complete and effect the Acquisition having been obtained; and (v) the representations and warranties given by the parties in the Sale and Purchase Agreement being true and correct in all material respect as of the date of the completion.

As noted from the Board Letter, if the Acquisition cannot proceed, the said 61% of the net proceeds from the Rights Issue originally allocated to finance the Acquisition will be utilized to finance the Group's other projects as follows. Approximately HK$80.9 million, or 30%, of the net proceeds will be utilized for the acquisition of spectrum networks in the US, Hong Kong and other Asian markets. Approximately HK$40.0 million, or 14.8%, of the net proceeds will be utilized to as additional funding to finance the Group's deployment of its New York mobile digital network. Approximately HK$33.5 million, or 12.4%, of the net proceeds will be utilized to finance the Group's deployment of its Richmond mobile digital network. Approximately HK$10.0 million, or 3.7%, of the net proceeds will be utilized to as additional funding for research and development in mobile multimedia technologies.

We are given to understand from the Company and noted from the VSA Announcement that the Acquisition, when combined with the Company's New York platform, will give the Company one of the largest free-to-air television networks in the US for television broadcasting, as well as a scalable airwave spectrum to develop a mobile and wireless multimedia service network across the US catering to the roaring demand for mobile entertainment and mobile internet-based content delivery, and hence opening up numerous revenue opportunities to increase profitability of the Company. It will also serve as the first commercial network outside of China to deploy the groundbreaking NGB-W technology which the Company has been developing with Chinese and US partners to bring about the world's most advanced and next generation convergent mobile network dedicated to the mobile internet era.

As set out in the AR 2013, 2013 was a year of development and expansion for the Company. The Company has deployed its TV broadcasting business in New York, which will help the Company return to profitability in the future. Also, the Company is in process of rolling out CMMB-based mobile services in Richmond, and is simultaneously developing a trial network in New York. The Company has applied to register six patents evolving from CMMB technology and will form part of the core technology for Next Generation Broadcasting Wireless (NGB-W) technology standard. It has also formed a strategic partnership with Shanghai Jiaotong University to pioneer convergence mobile technology that unifies broadcasting with unicasting so as to render TV network delivering mobile services in complement with cellular network with unprecedented efficiency and scale economies. The technology tailors to the explosive growth of mobile video and data services of the Internet era and is a solution to the serve bandwidth shortage and mobile bottleneck plaguing the cellular network today.

According to the U.S. Census Bureau's population clock, the population figure in the country is currently standing at approximately 320 million, representing an approximately 3.65% growth compare to 2010, with the New York City itself contribute roughly 8.4 million of the total. According to Nielsen's 2015 Advance National TV Household Universe Estimate, a global marketing and advertising research company, there are approximately 116.3 million TV homes in the US, up 0.4% from the 2013-2014 estimates of 115.6 million, with approximately 7.46 million of them consumed in the New York, which ranks the top out of all the states in the country.

The fast growing popularity for digital entertainment, social media, and smart mobile devices have started a trend that every facet of daily life to be connected to the mobile and wireless space, and this trend has spanned across the globe. Applications ranging from online mobile entertainment, e-commercial, mass-market advertising, environmental monitoring, public safety and national disaster alerts have all out-grown their traditional delivery platform and are searching for a much more ubiquitous mobile and wireless platform for data and information dissemination anytime anywhere to anyone, which is deemed indispensable for the future. The Company's objective 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, and 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.

As noted from the Sept Acquisition Circular, the Sept Acquisition would 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. As noted from the AR 2012, the CMMB and agency services business segment started to generate revenue of approximately US$266,000 for the financial year ended 31 December 2012 and approximately US$713,000 for the financial year ended 31 December 2013, which represents an annual growth of approximately

168.05%. At the same time, the recorded loss for the Group has significantly reduced from approximately US$10.6 million for the financial year ended 31 December 2012 to approximately US$293,000 for the financial year ended 31 December 2013, and the Directors consider that this remarkable improvement was mainly attributable to the Sept Acquisition and believes that the Group can soon turnaround the loss-making situation.

Furthermore, as advised by the Directors, it is understood that there are several state-run media operators from China which are in serious discussion with the Company regarding the leasing of the New York channels possessed by the Group for broadcasting their programs, which is in line with the PRC Government's intention to boost China's international image in other foreign countries, and the New York channels owned by the Group is considered as one of the prime platform for such objective. And the provision of the New York television channels is only considered to be the first step for the Group to become the principal player to provide CMMB-based networks and services around the globe.

Therefore, it is strongly believed by the Directors that the proceeds utilized on the Acquisition and the deployment of the Group's New York network, which represents approximately 61% and 24% of the net proceeds from the Rights Issue, will able to further facilitate the Sept Acquisition and significantly expand the Group's broadcasting footprint in the US. As further advised by the Directors, the Acquisition, which includes of six television broadcasting channels in six top US cities, together with the existing New York channels, constitutes a nationwide network with much greater geographical scope and population coverage over the mainstream US audience, which is expected to create immense economies of scale and scope to the Company. Under the same business model and services rendered, the cost structure for operating in 7 markets versus only the New York is significantly lower, and able to achieve high programming diversity and specialty and hence, new revenue streams to the Group.

In addition, it is also believed by the Directors that the Acquisition and the deployment of the Group's New York network enables the Company to jump-start a mobile multimedia network in the US and to help the Company to achieve its long term dedication to mobile multimedia. All in all, based on the abovementioned benefits as suggested by the Directors, we consider that the proposed use of proceeds from the Rights Issue (with Bonus Issue) is in the interests to Shareholders and Company as a whole.

In view of (i) the principal business of the Company; (ii) the bank balances and cash contributed of approximately US$877,155 and Group's current liabilities of approximately US$2,121,967 as at 31 December 2013; (iii) the Acquisition and the business strategy of the Company to expand the spectrum footprint in the US with the platform in New York upon the Sept Acquisition; (iv) the population growth in the US and growth in TV household in the US; (v) the Company has applied to register six patents evolving from CMMB technology and will form part of the core technology for NGB-W technology standard; (vi) the Rights Issue will allow the Group to fulfill the estimated capital requirements for the future business development, in particular for the Acquisition; (vii) the use of proceeds from the Rights Issue will facilitate the Sept Acquisition and enhances the Group's existing broadcasting footprint in the US and is consistent with the Group's development plan, which is to (a) further expand and extend the television spectrum networks in the US; and (b) to deploy a terrestrial free-to-air broadcasting service and a mobile multi-media and internet data broadcasting service utilizing CMMB or related technology in New York; (viii) the Rights Issue (with the Bonus Issue) will strengthen the financial position and capital base of the Group as the Rights Issue could bring in cash inflow to the Company and enhance the Group's liquidity without incurring interests costs and also enable the Company to reduce its gearing ratio accordingly and the Rights Issue (with Bonus Issue) will also enlarge the Group's capital base; and (ix) the Rights Issue (with the Bonus Issue) is on the basis that all Qualifying Shareholders will be offered the same opportunity to maintain their proportional interests in the Company and the Bonus Issue can effectively reduce the average price per Rights Share taken up to provide incentives to the Qualifying Shareholders to subscribe for the Rights Shares, and thereby to maintain their proportional shareholdings in the Company and participate in the potential future growth of the Group, we are of the view that the Rights Issue (with Bonus Issue) is fair and reasonable and are in the interests of the Company and Independent Shareholders as a whole.

3. Other fund raising alternatives

As advised by the Company, the Board has considered other fund raising alternatives before resolving to the Rights Issue (with Bonus Issue), including but not limited to debt financing, placing and open offer. In the view that debt financing would result in additional interest burden and higher gearing ratio of the Group; placing may necessarily dilute the shareholding in the Company of the existing Shareholders; and although both open offer and rights issue would allow Shareholders to maintain their proportionate shareholding interests in the Company, a rights issue would allow those Shareholders who do not want to participate in the fund raising of the Company to dispose of their rights shares entitlements in the market in nil-paid form, the Board considers raising funds by way of the Rights Issue (with Bonus Issue) is in the interests of the Company and Shareholders as a whole.

Having considered that (i) the Company may not able to obtain favourable terms of debt financing and bank borrowings given the consecutive loss-makings by the Company; (ii) debt financing and bank borrowing would result in additional interest burden to the Group; (iii) as compared to a rights issue, any placing of new Shares without first offering the existing Shareholders the opportunity to participate in the Company's equity raising exercise would result in dilution of shareholding of and per Share value to the existing Shareholders; (iv) the Rights Issue (with Bonus Issue) will enable the Shareholders to maintain their proportionate interests in the Company should they so wish; and (v) the Rights Issue enables the Qualifying Shareholders who decide not to participate in the Rights Issue an alternative to trade in the nil-paid rights in the market for economic benefits, we concur with the Directors that the Rights Issue (with Bonus Issue) represents the most commercial viable options considered by the Company to satisfy the funding needs of the Group and fund raising by way of Rights Issue is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Rights Issue and the Bonus Issue

Basis of the Rights Issue with the Bonus Issue

The Company proposes to allot and issue (i) not less than 1,842,421,788 (assuming no further issue of new Shares on or before the Record Date) and not more than 2,095,481,376 new Shares (assuming all the outstanding Share Options are exercised and no other issue of new Shares on or before the Record Date) to be issued pursuant to the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share in issue on the Record Date; and (ii) not less than 921,210,894 and not more than 1,047,740,688 new Shares to be issued pursuant to the Bonus Issue on the basis of one (1) Bonus Share for every two (2) Rights Shares taken up under the Rights Issue.

The Rights Shares and the Bonus Shares, when allotted and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of the allotment of the Rights Shares and the Bonus Shares, both in their fully-paid forms.

As at the Latest Practicable Date, save as (i) the Share Options granted under the Pre-Listing Share Option Scheme of the Company entitling the holders to subscribe for a total of 126,529,794 Shares upon full exercise of such options; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 138,744,230 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

Chi Capital has irrevocably undertaken that, among others, (i) to subscribe or procure the subscription of the 311,715,676 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Chi Capital pursuant to the terms of the Rights Issue; and (ii) Chi Capital shall not convert the whole nor any part of the Convertible Notes into Shares at any time prior to the completion of the Rights Issue.

The Rights Issue is fully underwritten by the Underwriters and the Underwriters will subscribe or procure subscribers for the Untaken Shares on the following basis:

(i) firstly, out of all the Untaken Shares, Chi Capital shall take up to 843,706,112 Untaken Shares, equivalent to HK$126,555,916.80 (which is the Chi Capital Portion);

(ii) if there is any balance of the Untaken Shares after deducting the Chi Capital Portion, up to 687,000,000 Rights Shares, equivalent to HK$103,050,000 (the "**President Securities Commitment**"), shall be taken up by President Securities.

    President Securities shall not be required to take up any Rights Shares in excess of the President Securities Commitment in any event; and

(iii) Chi Capital shall take up any remaining balance of the Untaken Shares after deducting the Chi Capital Portion and the portion of the Untaken Shares taken up by President Securities pursuant to paragraph (ii) above, if any.

On 23 May 2014, the Company, Chi Capital and the Chi Sub-underwriters have entered the Chi Sub-underwriting Letter pursuant to which each of the Chi Sub-underwriters has undertaken to subscribe for up to 258,921,900 Rights Shares, if called upon by Chi Capital on the terms and conditions of the Chi Sub-underwriting Letter. As noted from the announcement of the Company dated 23 May 2014, each of the Chi Sub-underwriters is an Independent Third Party and not acting in concert with Chi Capital. Except for the Chi Sub-underwriting Letter and the Underwriting Agreement, there is no other agreement or arrangement among Chi Capital, the Chi Sub-Underwriters and President Securities regarding any acquisition or consolidation of any Shares or voting rights in the Company by any of them. Each of the Chi Sub-underwriters has undertaken not to place to or procure the subscription of any of the Rights Shares by any person who is not an Independent Third Party or any person who is a party acting in concert with Chi Capital or President Securities.

Chi Capital has undertaken that in the event that it is called upon by the Company to subscribe or procure subscribers for any Underwritten Shares in excess of 320,000,000 Rights Shares, it shall call upon the Chi Sub-underwriters to subscribe for any such Underwritten Shares in excess of 320,000,000 Rights Shares in equal proportions pursuant to the Chi Sub-underwriting Letter. Each of the Chi Sub-underwriters shall be entitled to a sub-underwriting commission of 1.0% of the total subscription price of such Rights Shares which it takes up payable by the Company.

Pursuant to the Chi Sub-underwriting Letter, in the event that any of the Chi Sub-underwriters is required to take up any Rights Shares, the Company shall issue the Rights Shares to the respective Chi Sub-underwriter in fully-paid form. Pursuant to the Bonus Issue, the Company will also issue to each of the Chi Sub-underwriters one Bonus Share for every two Rights Share subscribed by the respective Sub-underwriters. The Company shall not issue any Rights Shares to Chi Capital in excess of 631,715,676 Rights Shares, including the 311,715,676 Rights Shares which will be provisionally allotted to Chi Capital as the owner of 155,857,838 Shares which Chi Capital has agreed to accept or procure to accept pursuant to the relevant Irrevocable Undertaking.

As noted from the Board Letter, President Securities has entered into sub-underwriting agreements with the PS Sub-underwriters, who are Independent Third Parties and not acting in concert with Chi Capital, to sub-underwrite an aggregate of 559,840,000 Rights Shares. In addition to the 559,840,000 Rights Shares, 279,920,000 Bonus Shares will be issued to the sub-underwriters under the Bonus Issue on the basis of one (1) Bonus Share for every two (2) Rights Shares taken up under the Rights Issue. Accordingly, a total of 839,760,000 Shares based on the 559,840,000 Rights Shares and 279,920,000 Bonus Shares will be allotted and issued to the PS Sub-underwriters, representing approximately 91.16% of the existing issued share capital of the Company or approximately 22.79% of the issued share capital as enlarged by the Rights Shares and Bonus Shares upon completion of the Rights Issue and Bonus Issue. President Securities confirmed that none of the PS Sub-underwriters or the subscribers procured by them will hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue and Bonus Issue, and that each of the PS Sub-underwriters and the subscribers procured by them is an Independent Third Party.

Basis of Determining the Subscription Price and the Bonus Issue

The Subscription Price of HK$0.15 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares. The Subscription Price represents:

(i) a discount of approximately 34.2% to the closing price of HK$0.228 per Share as quoted on the Stock Exchange on 3 April 2014, being the last trading day prior to the date of the Underwriting Agreement (the "**Last Trading Date**");

(ii) a discount of approximately 34.5% to the average closing price of approximately HK$0.229 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 13.6% to the theoretical ex-rights price of approximately HK$0.132 per Share after the Rights Issue (after taking into consideration of the Bonus Issue), based on the closing price of HK$0.228 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(iv) a discount of approximately 24.24% to the closing price of HK$0.198 per Share, as quoted on the Stock Exchange on the Latest Practicable Date.

The Bonus Issue will reduce the average price per Rights Share taken up and therefore is in effect lowering the effective Subscription Price and further increasing the discount of the Subscription Price to the prevailing market price of the Share. Since every one (1) Bonus Share will be issued upon the subscription of two (2) Rights Shares, for illustrative purpose, the average price for each Share to be allotted and issued under the Rights Issue and the Bonus Issue will be HK$0.1 (the "**Effective Subscription Price**"), which represents:

(i) a discount of approximately 56.1% to the closing price of HK$0.228 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 56.3% to the average closing price of approximately HK$0.229 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

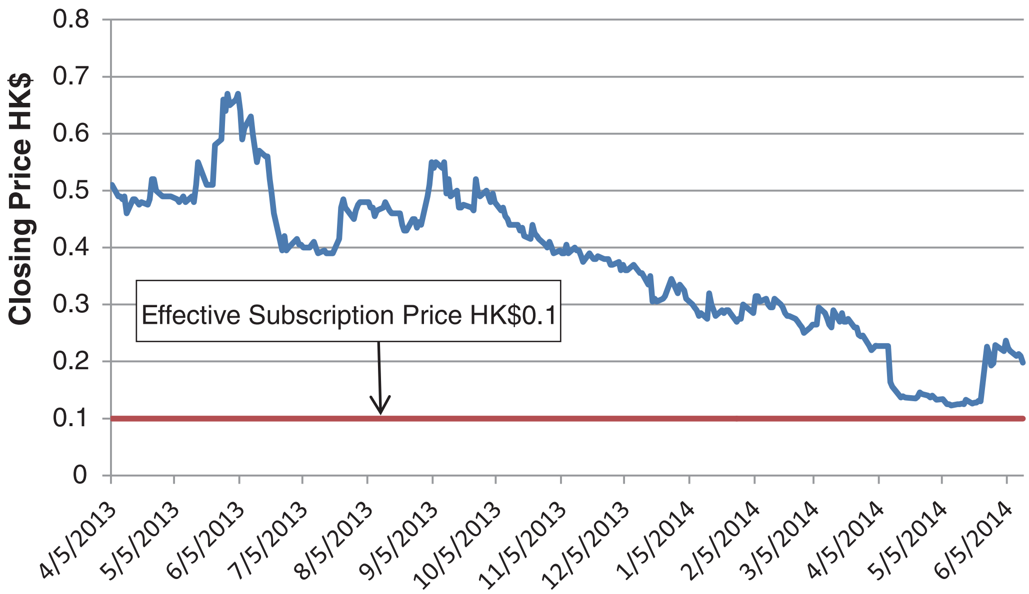
(iii) a discount of approximately 24.2% to the theoretical ex-rights price of approximately HK$0.132 per Share after the Rights Issue (after taking into consideration of the Bonus Issue), based on the closing price of HK$0.228 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(iv) a discount of approximately 49.49% to the closing price of HK$0.198 per Share, as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price, subscription ratio and the Bonus Issue were arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other thing, (i) the capital needs of the Group; (ii) the financial position of the Group; (iii) the market price of the Shares; and (iv) the prevailing market conditions.

(a) *Historical price*

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the trading price of the Shares for the period from 4 April 2013, being the 12-month period prior to the date of the Underwriting Agreement, up to and including the Latest Practicable Date (the "**Review Period**"). The chart below illustrates the daily closing price of the Shares versus the Effective Subscription Price of HK$0.1 during the Review Period:



Source: Bloomberg

As shown in the above chart, we note that the closing price of the Shares shows a general downward trend during the Review Period. During the Review Period, the highest closing price and the lowest closing price of the Shares were HK$0.67 on 30 May 2013 and 4 June 2013 and HK$0.123 on 9 May 2014, respectively. The Effective Subscription Price is lower than the lowest closing price of the Shares during the Review Period, representing a discount of approximately 85.07% and 18.70% to such highest and lowest closing prices of the Shares during the Review Period.

(b) *Trading liquidity of the Shares*

The average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to the total number of issued Shares as at the Latest Practicable Date during the Review Period are tabulated as follows:

Month/Period	**Average Daily Trading Volume (Shares)**	**Approximate % of average daily trading volume to the total number of issued Shares** *(note)*
2013		
5 to 30 April	781,794.65	0.085%
May	652,907.75	0.071%
June	3,084,561.42	0.335%
July	11,746,436.09	1.275%
August	10,926,198.29	1.186%
September	5,590,718.20	0.607%
October	2,338,788.90	0.254%
November	1,706,380.43	0.185%
December	7,017,638.75	0.762%
2014		
January	6,045,803.52	0.656%
February	5,429,691.42	0.589%
March	4,538,413.90	0.493%
April	8,467,792.50	0.919%
May	8,272,581.15	0.898%
June (up to and including the Latest Practicable Date)	17,116,704.15	1.858%
Total Issued Shares on Latest Practicable Date	921,210,894	

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

Note: Based on 921,210,894 Shares in issue as at the Latest Practicable Date

As shown in the table above, the highest average daily trading volume was in June 2014, representing approximately 1.858% of the total number of Shares in issue while the lowest average daily trading volume was approximately 0.071% of the total number of Shares in issue. We note that during the Review Period, only July 2013, August 2013 and June 2014 of the average daily trading volume of Shares are higher than 1% of the total number of Shares. We aware that on 30 July 2013 and 15 August 2013, the Company announced information in relation to the placing of new Shares. In addition, the Company has announced the Rights Issue and published the VSA Announcement on 9 April 2014 and 23 May 2014, respectively. The Directors have confirmed that, save for the aforesaid issues which were considered to be price-sensitive in nature, they were not aware of any reasons for such increases. We therefore consider the liquidity of the Shares was thin during the Review Period.

As the Rights Shares are offered to all Qualifying Shareholders, we are advised by the Directors that they would like to set and maintain the Subscription Price at a deep discount level (by adopting the current subscription ratio and the Bonus Issue) that would attract all the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company.

(c) *Comparison with recent Rights Issues*

We also consider a broader comparison with the Rights Issues conducted by other companies listed on the Main Board and the Growth Enterprise Market of the Stock Exchange to provide a more general reference for the Effective Subscription Price. We have identified all Rights Issues (the "**Comparables**") (i) announced by other companies that are listed on the Stock Exchange from 4 October 2013 up to and including 4 April 2014, being the date of the Underwriting Agreement (the "**Comparable Period**"); and (ii) have not been suspended for trading for more than 12 months from the dates of the respective announcements in relation to the rights issue transactions, for reference. We consider the selection of six months period to be appropriate for our analysis for fund raising exercises such as rights issues, as the market sentiment at the relevant time in general plays an important role in the determination of the subscription price, while reasonable number of such fund raising exercises could be included for reference purposes. Given the volatile and changeful market conditions, a longer period may not represent similar market conditions and sentiments as the Rights Issue. Having considered that the Comparable Period (i) has covered the prevailing market conditions and sentiments in the Hong Kong stock market; (ii) represented the recent structure of the rights issues in Hong Kong; and (iii) can allow the Shareholders to have general understanding in other circumstances of the rights issue transactions, we consider that the Comparable Period is adequate. In view that the term of the Comparables are determined under similar market conditions and sentiments as the Rights Issue, we consider that the Comparables reflect the recent trend of the rights issue transactions in the market and consider the Comparables are fair and representative samples. Details of the Comparables are summarized in the following table:

Comparable (stock code)	**Date of announcement**	**Basis of entitlement**	**Premium/ (discount) of subscription price over/(to) the closing price on the last trading day** *(%)*	**Premium/ (discount) of subscription price over/(to) the theoretical ex-rights price** *(%)*	**Underwriting commission** *(%)*	**Maximum dilution** *(Note 1)* *(%)*	**Excess application** *(Y/N)*
Dah Sing Financial Holdings Limited (440)	26 Mar 2014	13 for 100	(33.99)	(31.30)	2.25	11.50	Y
Dah Sing Banking Group Limited (2356)	26 Mar 2014	12 for 100	(33.33)	(30.86)	2.25	10.71	Y
Computech Holdings Limited (8081)	21 Mar 2014	1 for 2	(23.35)	(16.88)	3.5	33.33	Y
New World Development Company Limited (17)	13 Mar 2014	1 for 3	(36.30)	(30.00)	2.5	25.00	Y

Comparable (stock code)	Date of announcement	Basis of entitlement	Premium/(discount) of subscription price over/(to) the closing price on the last trading day (%)	Premium/(discount) of subscription price over/(to) the theoretical ex-rights price (%)	Underwriting commission (%)	Maximum dilution *(Note 1)* (%)	Excess application *(Y/N)*
Sincere Watch (Hong Kong) Limited (444)	4 Mar 2014	1 for 2	(67.91)	(58.53)	2.5	33.33	Y
Oriental Unicorn Agricultural Group Limited (8120)	3 Mar 2014	13 for 2	(57.33)	(15.21)	3.5	86.67	Y
See Corporation Limited (491)	3 Jan 2014	9 for 1	(76.49)	(24.50)	3	90.00	Y
Landing International Development Limited (582)	20 Dec 2013	1 for 2	(16.67)	(11.76)	1.18	33.33	Y
China Agri-Products Exchange Limited (149)	19 Dec 2013	15 for 1 (with bonus share 1 for 15)	(90.35)	(35.50)	2.5	94.12	Y
Wanda Commercial Properties (Group) Co., Limited (169)	13 Dec 2013	3 for 10	(17.70)	(14.30)	2.30	23.08	Y
Lai Sun Garment (International) Limited (191)	13 Dec 2013	4 for 25	(40.00)	(36.50)	2.50	13.79	Y
Kader Holdings Company Limited (180)	12 Dec 2013	3 for 7	(22.45)	(16.85)	2.50	30.00	Y
Noble Century Investment Holdings Limited (2322)	12 Dec 2013	1 for 1 (with bonus shares 2 for 1)	(78.18)	(47.28)	3.5	75.00	N
Hon Kwok Land Investment Company, Limited (160)	3 Dec 2013	1 for 2	(10.60)	(7.31)	2.00	33.33	Y
abc Multiactive Limited (8131)	29 Nov 2013	1 for 2	(71.83)	(62.96)	HK$100,000 *(Note 2)*	33.33	Y
Landsea Green Properties Co., Ltd. (106)	25 Nov 2013	1 for 2	(2.60)	(1.70)	0.00	33.33	Y
Carry Wealth Holdings Limited (643)	20 Nov 2013	1 for 2	(44.40)	(35.10)	1.00	33.33	N
National Investments Fund Limited (1227)	18 Nov 2013	3 for 1	(71.43)	(38.65)	5.00	75.00	Y

Comparable (stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day *(%)*	Premium/ (discount) of subscription price over/(to) the theoretical ex-rights price *(%)*	Underwriting commission *(%)*	Maximum dilution *(Note 1)* *(%)*	Excess application *(Y/N)*
	Maximum discount		**(90.35)**	**(62.96)**			
	Minimum discount		**(2.60)**	**(1.70)**			
	Mean discount		**(44.16)**	**(28.62)**			
	Minimum				**0.00**	**10.71**	
	Maximum				**5.00**	**94.12**	
	Mean				**2.47**	**42.68**	
	Company		**(56.14)**	**(24.24)**	**2.50**	**75.00**	**N**

Sources: www.hkex.com.hk

Notes:

1. Maximum dilution effect of each rights issue is calculated as: ((number of Rights Shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the Rights Shares under the basis of entitlement + number of Rights Shares to be issued under the basis of entitlement) x 100%), e.g. for an Rights Issue with basis of 9 Rights Shares for every one existing shares, the maximum dilution effect is calculated as ((9)/(9+1))*100) = 90%.

2. The underwriting commission of this Comparable is a fixed amount so has been excluded for the analyses of the underwriting commission of the Comparables.

As shown in the above table, the discounts represented by the subscription prices to the closing prices of shares of the Comparables on the last trading days prior to the release of the respective announcements ranged from approximately 90.35% to approximately 2.60% (the "**LTD Market Range**"). The discount of approximately 56.14% as represented by the Effective Subscription Price to the closing price of the Shares on the Last Trading Day falls within and is slightly deeper than the mean of the LTD Market Range.

As shown in the above table, the discount represented by the subscription prices to the theoretical ex-entitlement prices of the shares of the Comparables ranged from approximately 62.96% to approximately 1.7% (the "**TEP Market Range**"). The discount of approximately 24.24% as represented by the Effective Subscription Price to the theoretical ex-entitlement price of the Shares falls within and above the mean of the TEP Market Range.

Given that (i) the decreasing trend performed by the historical price of the Shares during the Review Period; (ii) the Shares were generally illiquid in the open market; (iii) the loss-makings recorded by the Company for the three financial years ended 30 December 2013; (iv) the Rights Issue would strengthen the capital base of the Group; (v) the Rights Issue represents the most commercial viable, fair and reasonable option considered by the Company; (vi) the need to increase the attractiveness of the Rights Shares to the Qualifying Shareholders and the Underwriters; and (vii) the Subscription Price would encourage Shareholders to participate in the Rights Issue (with the Bonus Issue) and accordingly maintain their shareholdings in the Company and participate in future growth of the Group, we consider it is inevitable for the Company to set the Effective Subscription Price at a deeper discount so as to increase the attractiveness of the Rights Issue. Despite the fact that Chi Capital may have opportunity to increase its shareholding in the Company at a discount price, having considered the abovementioned factors and that (i) the Effective Subscription Price was determined after arm's length negotiations between the Company and the Underwriters; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Rights Issue; (iii) all Qualifying Shareholders are offered an equal opportunities to subscribe for the Offer Shares; (iv) the Rights Issue (with Bonus Issues) provides incentives to the Qualifying Shareholders to participate in; (v) Chi Capital will not take extra Rights Shares except its entitlement if all Qualifying Shareholders participate in the Rights Issue; (vi) the discount represented by the Effective Subscription Price to the closing price of the Shares on the Last Trading Day falls within the LTD Market Range; and (vii) the discount represented by the Effective Subscription Price to the theoretical exentitlement price of the Shares falls within the TEP Market Range and above the mean of the TEP Market Range, we consider the Effective Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Underwriting Commission

In consideration of the Underwriters providing underwriting services under the Underwriting Agreement to the Company in relation to the Rights Issue, and subject to the due performance by the Underwriters of their obligations under the Underwriting Agreement, irrespective of whether or not the Underwriters are called upon to subscribe or procure subscribers for any of the Underwritten Shares, the Company shall pay to President Securities, an aggregate underwriting commission at the rate of 2.5% of the aggregate Subscription Price of the President Securities Commitment. Chi Capital will not be entitled to any underwriting commission or fees.

Based on our review as set out in the sub-section headed "(b) Comparison with recent Rights Issues" above, we noted that the underwriting commission of 2.50% falls within the range and is close to the mean a of the underwriting commissions of the Comparables. Given the 2.5% underwriting commission accords with the market rate, we consider that the underwriting commission of the Underwriting Agreement is fair and reasonable.

No excess application arrangement

As stated in the Board Letter, the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, the Company considers that if application for excess Rights Shares is arranged, the Company would be required to put in additional effort and costs to administer the excess Rights Shares application procedures. In particular, given the significant discount of the Subscription Price to the then prevailing market price of the Shares and the Bonus Issue as an additional incentive to encourage Shareholders to participate in the Rights Issue, the Board expects the Rights Issue would have a relatively high level of acceptance, hence the amount of excess Rights

Shares is not expected to be significant. Accordingly, the Board has decided that no excess Rights Shares will be offered to the Qualifying Shareholders and any Untaken Shares will be underwritten by the Underwriters. While Chi Capital may have the opportunity to increase its shareholding in the Company at the Subscription Price by virtue of its underwriting of the Chi Capital Portion in the Rights Issue, unlike application for excess Rights Shares via an excess application process, the taking up of any excess Rights Shares by Chi Capital pursuant to the Underwriting Agreement is an contractual obligation which is not subject to Chi Capital's election.

We noticed that Chi Capital has been the substantial Shareholder since 2012. Since the Company has transformed its principal business from printed circuit board maker to a mobile multimedia technology and service provider, the Group has been loss making for 3 financial years, except the Group has recorded profit for the financial year ended 31 December 2011 which the profit was derived from discontinued operations of approximately US$22.47 million (equivalent to approximately HK$175.27 million). As advised by the Company, due to the downward trend of the closing price of the Share recently and the uncertain market condition, it was difficult for the Company to procure additional underwriter for the Rights Issue and after consideration, Chi Capital has undertaken to be one of the Underwriters. Mr. Wong Chau Chi, being the chief executive officer, an executive Director and the chairman of the Board, and the sole shareholder and director of Chi Capital, strongly believes this step can demonstrate to the Shareholders that there is a continuous support from the substantial Shareholder to the Company even under such adverse financial position and express its confidence in the Company's future and growth prospects.

We consider that the absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Rights Shares in excess of their assured entitlements. However, we consider that the aforesaid should be balanced against the fact that (i) the terms of the Rights Issue are structured with an intention to encourage all the Qualifying Shareholders to take up their respective assured allotment of the Rights Shares as the Effective Subscription Price is set at a deep discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders to participate in the Rights Issue; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Rights Issue; (iii) the nil excess application would lower the administrative costs of the Rights Issue to the Company; (iv) the absence of excess application arrangement for the Rights Shares is subject to approval by the Independent Shareholder at the SGM; (v) Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue may, subject to availability, acquire additional nil-paid Rights Shares in the market; (vi) the opportunity for Chi Capital for increasing its shareholding in the Company is an contractual obligation pursuant to the Underwriting Agreement; and (vii) the underwriting arrangement by the substantial Shareholder demonstrates the continuous support to the Company and express its confidence in the Company's future and growth prospects.

In view of the above, although it is beneficial to have excess application for the Qualifying Shareholders who wish to take up additional Rights Shares, we consider that the Rights Issue (with Bonus Issue) has already enable the Qualifying Shareholders to maintain their proportionate interests in the Company should they so wish by applying the Rights Shares according to their shareholding in the Company, which we consider to be fair and reasonable. Therefore, the absence of the excess application arrangement is acceptable.

5. **Potential dilution effect**

As the Rights Issue is offered to all Qualifying Shareholders on the same basis, Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their allotments under the Rights Issue in full. As set out under the section headed "Changes in the shareholding structure of the Company" in the Board Letter, assuming that no Qualifying Shareholder take up his/her/its entitlements under the Rights Issue, the shareholdings of the existing Independent Shareholders will be (i) decreased from 79.35%% as at the Latest Practicable Date (assuming no further issue of new Shares on or before the Record Date) to 19.84% upon completion of the Rights Issue and Bonus Issue; and (ii) decreased from 81.85% (assuming all the outstanding Share Options are exercised before the Record Date) to 20.46% upon completion of the Rights Issue and Bonus Issue. The Rights Issue, as same as in all other rights issues, the dilution on the shareholding of those Qualifying Shareholders who do not take up in full their assured entitlement under the rights issue is inevitable. However, it should be noted that such Shareholders will have the opportunity to realize their nil-paid rights to subscribe for the Rights Shares in the market during the dealing of the nil-paid Rights Shares on the Stock Exchange, subject to the then prevailing market conditions. Given the decreasing trend of the historical closing price of the Shares as mentioned in the sub-section headed "*(a) Historical price*" and the liquidity of the trading volume of the Company as mentioned in the sub-section headed "*(b) Trading liquidity of the Shares*", Shareholders may or may not easily sell their nil-paid Rights Shares in the market. However, it is the common practice of the price of nil-paid rights is lower than the market price of that corresponding security; we thus are of the view that the past trading volume of the Shares does not represent the liquidity of the nil-paid Rights Shares, which has no co-relation to each other. The dilution magnitude of any rights issues depends mainly on the extent of the basis of entitlement under such exercise, where the higher the offering ratio of rights shares to existing shares is, the greater the dilution on the existing shareholding would be.

We noted that the maximum dilution effect of the Rights Issue is beyond the mean of the Comparables, however, we consider such scenario of maximum dilution is unlikely to occur given the Independent Shareholders should have voted in favour of the Rights Issue (with Bonus Issue) at the EGM and it is a misalignment between the voting behavior of the Independent Shareholders and their subscription for the Rights Issue if no Qualifying Shareholder (other than Chi Capital) would take up their provisional entitlements under the Rights Issue. Also, having taken into account: (i) the Rights Issue would provide the fund for the Group to pursue its business development plan; (ii) the Rights Issue would strengthen the capital base of the Group; (iii) the Rights Issue is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company; (iv) the inherent dilutive nature of the Rights Issue in general if the existing Shareholder did not take up his/her/its entitlements under the Rights Issue; and (v) the discount of the Effective Subscription Price was necessary to encourage the Qualifying Shareholders to participate the Rights Issue (with the Bonus Issue), we consider the possible dilution effect of the Rights Issue (with Bonus Issue) on the Independent Shareholders to be acceptable.

6. **Financial effects of the Rights Issue and the Bonus Issue**

(a) *Net tangible asset*

According to the unaudited pro forma financial information of the Group (the "**Pro Forma Financial Information**") set out in Appendix II to the Circular, the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company was approximately US$7.1 million as at 31 December 2013. Upon completion of the Rights Issue and the Bonus Issue and assuming no share options would be exercised and no convertible notes would be converted after the Latest Practicable Date and before the Record date, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company would be approximately US$27.7 million as at 31 December 2013.

(b) *Working capital*

Upon the completion of the Rights Issue, the cash and bank balance of the Group will be increased as a result of the net proceeds from the Rights Issue.

Accordingly, the working capital and liquidity position of the Group will be improved as a result of the Rights Issue.

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

RECOMMENDATION

Taking into account the factors and reasons as mentioned under the section headed "Principal factors and reasons considered" above, which including:

(i) financial information of the Group including the current cash position and indebtedness;

(ii) the use of proceeds from the Rights Issue is consistent with the principal businesses and development plan of the Group;

(iii) the Rights Issue is the most viable fund raising method as compared to the debt financing and the placing of new Shares;

(iv) the discount of the Subscription Price to the market price is necessary to encourage the Qualifying Shareholders to participate the Rights Issue due to past share price performance of the Company;

(v) the Bonus Issue is in effect lowering Effective Subscription Price and further increasing the discount of the Subscription Price to the prevailing market price of the Share;

(vi) the Rights Issue is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company; and

(vii) the underwriting commission of the Rights Issue is fair and reasonable;

we consider that, despite the inherent dilution effect to the Qualifying Shareholders who do not participate the Rights Issue, the Rights Issue, the Bonus Issue and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue, the Bonus Issue and the entering of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole and would advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolutions to approve the Rights Issue, the Bonus Issue and the Underwriting Agreement to be proposed at the EGM.

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013, which are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.irasia.com/listco/hk/cmmbvision/).

The following is a summary of the audited financial information of the Group for each of the three years ended 31 December 2011, 2012 and 2013, as extracted from the relevant annual reports of the Company.

The Company's auditor, Deloitte Touche Tohmatsu, has not issued any qualified opinion on the Group's consolidated financial statements for the three years ended 31 December 2011, 2012 and 2013.

	For the year ended 31 December		
	2013	**2012**	**2011**
	US$	*US$*	*US$*
	(audited)	*(audited)*	*(audited)*
Continuing operations			
Revenue	713,774	266,227	—
Cost of sales	(652,695)	(408,502)	—
Gross profit/(loss)	61,079	(142,275)	—
Loss before tax for the year from continuing operations	(234,151)	(10,615,261)	(16,428,612)
Discontinued operations			
Profit for the year from discontinued operations	—	—	22,473,883
Profit (loss) before tax for the year	(234,151)	(10,615,261)	6,045,271
Income tax expense	(59,000)	—	—
Profit (loss) for the year	(293,151)	(10,615,261)	6,045,271
Other comprehensive expense			
Exchange differences arising on translation	—	—	(1,149,818)
Profit (loss) and total comprehensive income (expense) for the year	(293,151)	(10,615,261)	4,895,453

	For the year ended 31 December		
	2013	**2012**	**2011**
	US$	*US$*	*US$*
	(audited)	*(audited)*	*(audited)*
Profit (loss) for the year attributable to owners of the Company:			
- from continuing operations	212,481	(9,900,497)	(16,418,676)
- from discontinued operations	—	—	22,473,883
	212,481	(9,900,497)	6,055,207
Loss for the year attributable to non-controlling interests:			
- from continuing operations	(505,632)	(714,764)	(9,936)
	(293,151)	(10,615,261)	6,045,271
Total comprehensive income (expense) attributable to:			
- Owners of the Company	212,481	(9,900,497)	4,905,389
- Non-controlling interests	(505,632)	(714,764)	(9,936)
Total comprehensive income (expense) for the year	(293,151)	(10,615,261)	4,895,453
			(Restated)
Earnings (loss) per share			
From continuing and discontinued operations			
- Basic	0.0003	(0.0190)	0.0170
- Diluted	(0.0019)	(0.0190)	0.0170
From continuing operations			
- Basic	0.0003	(0.0190)	(0.0450)
- Diluted	(0.0019)	(0.0190)	(0.0450)

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE TWO YEARS ENDED 31 DECEMBER 2013

Set out below are the latest published audited consolidated financial information of the Group for the two years ended 31 December 2013 and 2012 respectively together with the accompanying notes relating thereto as extracted from the annual report of the Company for the year ended 31 December 2013 which have been published on 30 April 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	NOTES	**2013**	**2012**
		US$	*US$*
Revenue	9	713,774	266,227
Cost of sales		(652,695)	(408,502)
Gross profit (loss)		61,079	(142,275)
Other income	10	80	80
Administrative expenses		(1,051,387)	(1,524,172)
Advertising expenses		(38,170)	(51,032)
Other expenses	14	(903,504)	(2,374,872)
Other gains and losses	11	2,517,131	(6,324,352)
Finance costs	12	(819,380)	(198,638)
Loss before tax		(234,151)	(10,615,261)
Income tax expense	13	(59,000)	—
Loss for the year and total comprehensive expense	14	(293,151)	(10,615,261)
Profit (loss) for the year and total comprehensive income (expense) attributable to:			
— Owners of the Company		212,481	(9,900,497)
— Non-controlling interests		(505,632)	(714,764)
		(293,151)	(10,615,261)
Earnings (loss) per share	18		
— Basic		0.0003	(0.0190)
— Diluted		(0.0019)	(0.0190)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	NOTES	**2013** *US$*	**2012** *US$*
NON-CURRENT ASSETS			
Property, plant and equipment	19	51,885	11,829
Intangible assets	20	23,843,846	24,150,191
Deposits for the acquisition of intangible assets	20	11,020,706	—
Interests in associates	21	—	—
		34,916,437	24,162,020
CURRENT ASSETS			
Trade and other receivables	22	1,394,043	1,199,869
Bank balances and cash	23	877,155	822,877
		2,271,198	2,022,746
CURRENT LIABILITIES			
Trade and other payables	24	2,121,967	1,881,270
NET CURRENT ASSETS		149,231	141,476
		35,065,668	24,303,496
CAPITAL AND RESERVES			
Share capital	27	11,099,042	8,254,578
Share premium and reserves		5,637,934	(4,579,132)
Equity attributable to owners of the Company		16,736,976	3,675,446
Non-controlling interests		10,756,163	11,261,795
Total equity		27,493,139	14,937,241

	NOTES	**2013** *US$*	**2012** *US$*
NON-CURRENT LIABILITIES			
Convertible notes	26	4,333,491	3,553,372
Derivative financial instruments of convertible notes	26	2,515,127	5,032,258
Amount due to a related company	25	675,165	422,714
Amount due to a director	25	48,746	357,911
		7,572,529	9,366,255
		35,065,668	24,303,496

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company										
	Share capital	Share premium	Merger reserve	Distributable reserve	Share option reserve	Capital reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
			(note 28)	(note 29)	(note 30)	(note 31)					
At 1 January 2012	5,804,157	38,845,878	31,987,096	18,464,516	6,568,098	2,037,206	28,920	(102,865,341)	870,530	176,577	1,047,107
Loss for the year and total comprehensive expense for the year	—	—	—	—	—	—	—	(9,900,497)	(9,900,497)	(714,764)	(10,615,261)
Recognition of equity settled share-based payments	—	—	—	—	1,677,690	—	—	—	1,677,690	—	1,677,690
Forfeiture of share options	—	—	—	—	(2,864,906)	—	—	2,864,906	—	—	—
Issue of shares	1,931,453	6,953,230	—	—	—	—	—	—	8,884,683	—	8,884,683
Transaction costs related in issue of shares	—	(14,392)	—	—	—	—	—	—	(14,392)	—	(14,392)
Exercise of share options	518,968	2,645,748	—	—	(1,046,419)	—	—	—	2,118,297	—	2,118,297
Acquisition of a subsidiary (note 32)	—	—	—	—	—	—	—	—	—	11,799,982	11,799,982
Deemed capital contribution from a shareholder (note 25)	—	—	—	—	—	39,135	—	—	39,135	—	39,135
At 31 December 2012	8,254,578	48,430,464	31,987,096	18,464,516	4,334,463	2,076,341	28,920	(109,900,932)	3,675,446	11,261,795	14,937,241
Profit (loss) for the year and total comprehensive income (expense) for the year	—	—	—	—	—	—	—	212,481	212,481	(505,632)	(293,151)
Forfeiture of share options	—	—	—	—	(2,569,917)	—	—	2,569,917	—	—	—
Issue of shares	2,844,464	10,003,523	—	—	—	—	—	—	12,847,987	—	12,847,987
Transaction costs related in issue of shares	—	(32,787)	—	—	—	—	—	—	(32,787)	—	(32,787)
Deemed capital contribution from a shareholder (note 25)	—	—	—	—	—	33,849	—	—	33,849	—	33,849
At 31 December 2013	11,099,042	58,401,200	31,987,096	18,464,516	1,764,546	2,110,190	28,920	(107,118,534)	16,736,976	10,756,163	27,493,139

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	2013	2012
	US$	*US$*
OPERATING ACTIVITIES		
Loss before tax	(234,151)	(10,615,261)
Adjustments for:		
Impairment loss recognised on intangible assets	—	1,334,185
Amortisation of intangible assets	306,345	527,723
Finance costs	819,380	198,638
Depreciation of property, plant and equipment	19,292	23,248
Change in fair value of derivative components of convertible notes	(2,517,131)	129,032
Interest income	(80)	(36)
Loss on acquisition of an intangible asset	—	4,861,135
Share-based payments	—	1,677,690
Operating cash flows before movements in working capital	(1,606,345)	(1,863,646)
Increase in trade and other receivables	(253,174)	(26,468)
(Decrease) increase in trade and other payables	(78,635)	664,431
NET CASH USED IN OPERATING ACTIVITIES	(1,938,154)	(1,225,683)
INVESTING ACTIVITIES		
Deposits paid for the acquisition of intangible assets	(11,020,706)	—
Purchase of property, plant and equipment	(59,275)	—
Interest received	80	36
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(11,079,901)	36
FINANCING ACTIVITIES		
Proceeds from issue of shares	12,847,987	—
Advance from a related company	2,115,011	—
Deposits received for a share placement	319,332	—
Advance from a director	48,746	—
Repayment to a related company	(1,849,937)	(371,178)
Repayment to a director	(375,946)	—
Costs related to shares issued	(32,787)	—
Costs related to exercise of share options	—	(14,392)
Proceeds from exercise of share options	—	2,118,297

	2013 *US$*	2012 *US$*
NET CASH FROM FINANCING ACTIVITIES	13,072,406	1,732,727
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,351	507,080
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	822,877	315,813
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(73)	(16)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	877,155	822,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company acts as an investment holding company. The Company together with its subsidiaries (collectively the "Group") are principally engaged in the transmission and broadcasting of television programs and provision of agency services.

China Mobile Multimedia Broadcasting ("CMMB") is a digital mobile multimedia technology developed in People's Republic of China (the "PRC") under the 國家廣播電視總局 (the State Administration of Radio, Film and Television) of the PRC ("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 band width at high quality and low cost, and can receive signals over 350 kilometre/hour without distortion.

It is the plan of the Company to apply the CMMB technology to the existing TV broadcasting services so as to provide mobile TV services in the future.

Agency services relating to the procurement and distribution of printed circuit board ("PCB") materials generate agency income which represents the difference between gross proceeds received from customers and related cost payable to suppliers.

The consolidated financial statements are presented in United States dollars, which is also the functional currency of the Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group incurred a loss of US$293,151 during the year ended 31 December 2013. In the opinion of the directors of the Company (the "Directors"), the Group should be able to continue as a going concern in the coming year taking into consideration the measures which include, but are not limited to, the following:

(a) In 2012, the Group commenced the provision of transmission and broadcasting of television programs subsequent to the acquisition of CMMB Vision (USA) Inc. ("CMMB Vision (USA)"). A 3-year service contract was entered into between CMMB Vision (USA) and

China Central Television, a state-owned enterprise in PRC. The management is currently under negotiation with other parties for the provision of TV broadcasting services and is of the opinion that such service can provide a reliable and stable cash flow for the Group to operate.

(b) Subsequent to the year end date, the Group has issued new shares for approximately US$2.0 million (note 38(ii)). The Group plans to further issue new shares to raise additional funds to improve its liquidity position.

(c) Chi Capital Holdings Limited ("Chi Capital"), a company wholly owned by Mr. Wong Chau Chi ("Mr. Wong"), a director and shareholder of the Company, has agreed to provide financial support to enable the Group to meet its financial obligation as they fall due in the foreseeable future.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

(a) **Applications of new and revised HKFRSs**

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of HKFRS 10 and HKFRS 12 is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 that deal with consolidated financial statements and HK(SIC) Int - 12 *Consolidation - Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The application of HKFRS 10 in the current year has had no material impact on the Group's financial performance and positions for the current and prior years.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements in relation to the non-controlling interests of non-wholly owned subsidiaries (please see note 39 for details).

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (please see note 7c for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The application of the amendments to HKAS 1 did not have a material impact on the Group's presentation of items of other comprehensive income in the current and prior years.

(b) **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulating Deferral Accounts[5]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) - Int 21	Levies[1]

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

2 Effective for annual periods beginning on or after 1 July 2014

3 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

4 Effective for annual periods beginning on or after 1 July 2014, with limited exception

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 recognition 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors do not anticipate that the adoption of HKFRS 9 will have material effect on the Group's financial statements based on the analysis of the Group's financial instruments as at 31 December 2013.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors anticipate that the application of these amendments to HKAS 36 may result in more disclosures on the Group's consolidated financial statements in respect of the Group's intangible asset for which an impairment loss has been recognised if the recoverable amount is determined based on fair value less costs of disposal.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economics benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with

HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

The Group acts as an agent and it does not have exposure to the significant risks and rewards associated with the sale of goods. Agency income is recognised when the related procurement and distribution of goods are completed.

Service income represents the air time and transmission services provided and the channels broadcasting in real time on the station 24 hours a day, seven days a week. Service income will be recognised on a straight-line basis over the contract period.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, being the fair value at the date of acquisition, less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

If the terms of a lease of the Group are changed to such an extent that the lease would have been classified differently at inception had the changed terms been in effect at that time, the revised agreement is considered to be a new agreement over its remaining term.

When a lease previously classified as an operating lease becomes a finance lease resulting from modification of lease agreement, the revised contract is accounted for as a finance lease from the date of modification. The leased asset is recognised in the Group's consolidated statement of financial position at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus the costs incurred to acquire the relevant lease agreement, less cumulative amortisation and impairment (if any) prior to the change in classification. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of income or expense that are taxable or deductible in other years and that are never taxable or deductible. The Group’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 temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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 liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised to profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the foreign operation are translated into the presentation currency of the Group (i.e. United States dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal or deconsolidation of subsidiaries which are not foreign operations, all of the relevant exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are transferred to accumulated losses.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

Shares and share options granted to employees of the Group

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair value of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair value of the services received is recognised as an expense, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 or 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 value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables (including trade and other receivables and bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 and 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 measured 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 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 instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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 (including all fees 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derivative financial instrument

Derivatives are initially recognised at fair value at the date when the derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Convertible notes contains debt component and derivative components (including the conversion option and the redemption option)

Convertible notes issued by the Group that contain both debt and derivative components (including the conversion option and the redemption option) are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a derivative component (including the conversion option and the redemption option). At the date of issue, both the debt component and derivative component (including the conversion option and the redemption option) are recognised at fair value.

In subsequent periods, the debt component of the convertible notes is carried at amortised cost using the effective interest method. The derivative component (including the conversion option and the redemption option) are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible notes are allocated to the debt component and derivative component (including the conversion option and the redemption option) in proportion to their relative fair values. Transaction costs relating to the derivative component (including the conversion option and the redemption option) are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible notes using the effective interest method.

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a related company and amount due to a director) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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 in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Agency income generating from agency service relating to trading of rigid PCB

In determining whether the Group is acting as a principal or an agent, the Directors assessed all relevant facts and circumstances and concluded that the Group is not the primary obligor in the arrangement as the Group places the purchase order directly according to the customers' requirements and recognises the agency income by charging commission based on fixed rates on sales. In addition, suppliers are directly responsible for fulfillment of acceptable and quality products purchased by the customers and, the Group is not exposed to inventory risk before and after the customer order, during shipping or on return.

With the above assessment, the agency income is recognised based on the difference between the gross revenue and cost of sales as the Directors consider that the Group acts as an agent under the arrangement under HKAS 18 despite the Group bearing the credit risk of trade receivables and being liable to the settlement of trade payables.

Renewal of spectrum usage rights

In determining the effect of supplementary agreement signed between the Group and New York Broadband LLC ("NYBB"), the lessor, during the current year, which provides the option to the Group to renew the lease continuously with NYBB, the Directors assessed the Group's ability and intention to renew the lease and concluded that the lease previously classified as an operating lease becomes a finance lease resulting from the modification of the lease agreement.

The spectrum usage rights have legal rights of 5 years. In assessing the useful life of the spectrum usage rights, the Directors are of the view that NYBB has the ability to renew the license right with the authority indefinitely at minimal costs. Therefore, the useful life of spectrum usage rights is regarded as indefinite.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Amortisation and impairment of intangible assets

Intangible assets of US$24,150,191 as of 31 December 2012 were amortised on a straight-line basis over their estimated useful lives. During the year ended 31 December 2013, a supplementary agreement has been signed and the Directors are of the opinion that the Group would renew the lease continuously. The Directors determined that the lease previously classified as an operating lease becomes a finance lease resulting from modification of the lease agreement. The revised contract is accounted for as a finance lease from the date of modification.

During the current year, management has evaluated the impairment of intangible assets by way of higher of value in use calculation by reference to the discounted cash flows derived from financial budgets approved by the management of the Group ("VIU") or fair value less cost to sell with reference to the latest market transactions ("FVLCTS"). If the higher of the VIU or FVLCTS is less than the corresponding carrying amounts, an impairment loss may be required.

For the licensing rights, the actual results in the second half of 2012 did not reflect the expected results, the Directors revised the cash flows estimates as certain estimated cash flows from the licensing rights are no longer probable, an impairment loss of US$1,334,185 was recognised in the profit or loss during the year ended 31 December 2012.

For the spectrum usage rights, the FVLCTS, by reference to the similar spectrum transacted in an active market of New York City after considering the revised lease terms, is higher than its carrying amount, so no impairment was recognised in profit or loss for the year ended 31 December 2013.

For the contract acquisition costs, the FVLCTS, by reference to the similar spectrum transacted in an active market of New York City after considering the lease terms and relevant operating costs, is higher than its carrying amount, so no impairment was recognised in profit or loss for the year ended 31 December 2012.

Fair value of derivatives financial instruments of convertible notes

The Directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, the estimation of fair value of derivatives includes some assumptions not supported by observable market prices or rates. The carrying amount of the financial derivatives instruments as at 31 December 2013 is US$2,515,127 (2012: US$5,032,258). Details of the assumptions used are disclosed in note 26. The Directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity holders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes convertible notes disclosed in note 26, net of cash and cash equivalents disclosed in note 23 and equity attributable to owners of the Company, comprising issued share capital, share premium and reserves. The Group relies mainly on the equity financing from the owners of the Company.

The Directors review the capital structure on a regular basis by considering the cost of capital and the risks associate with the capital. Based on recommendation of directors, the Group will balance its overall capital structure through, new share issues and share buy-backs as well as the issue of new debts and the redemption of existing debts.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2013	2012
	US$	*US$*
Financial assets		
Loans and receivables (including cash and cash equivalents)	2,054,615	1,755,582
Financial liabilities		
Amortised cost	6,500,270	5,660,481
Derivative financial instruments	2,515,127	5,032,258

7b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances, trade and other payables, amount due to a related company, amount due to a director, derivative financial instruments and convertible notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (represented by currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

Certain bank balances, other payables and convertible notes of the Group are denominated in foreign currency, which expose the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2013	2012	2013	2012
	US$	*US$*	*US$*	*US$*
Hong Kong dollars	4,526,128	3,911,283	263,744	3,758
Renminbi	—	—	6,782	427

The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

In the management's opinion, the Group does not have significant exposure to the fluctuation in United States dollars against Renminbi, so no sensitivity analysis is presented.

For the exposure to the fluctuation in United States dollars against Hong Kong dollars, as Hong Kong dollars was pegged to United States dollars, the management is of opinion that such exposure is insignificant and no sensitivity analysis is presented.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to the bank balances due to the fluctuation of the prevailing market interest rates for both years.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The Directors monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arise. The Group's cash flow interest rate risk is mainly sensitive to the fluctuation of interest rate arising from the Group's bank balances.

Sensitivity analysis

For the years ended 31 December 2013 and 2012, the Group's cash flow interest rate risk is only related to the impact of prevailing market interest rate change on bank balances which are all short-term in nature. Therefore, any future variations in interest rates will not have a significant impact on the result of the Group. Accordingly, no sensitivity analysis is performed for the years ended 31 December 2013 and 2012.

(iii) *Other price risk*

The Group is required to estimate the fair value of the derivative component of convertible notes at the end of the reporting date with changes in fair value to be recognised in the profit or loss as long as the convertible notes are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in market interest rate, the Company's share market price and share price volatility.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk and volatility risk arising from derivative component of convertible notes at the end of the reporting period only as the Directors of the Company consider that the change in market interest rate may not have significant financial impact on the fair value of derivative component of convertible notes.

(i) Changes in share price

If the Company's share price had been 5% higher/lower and all other receivables were held constant, the Group's loss for the year (as a result of changes in fair value of derivative component of convertible notes) would increase/decrease by US$223,000 (2012: US$353,000).

(ii) Changes in volatility

If the volatility of the Company's share price had been 5% higher/lower while all other variables were held constant, the Group's loss for the year ended 31 December 2013 (as a result of changes in fair value of derivative component of convertible notes) would increase/decrease by US$85,000 (2012: US$58,000).

In management's opinion, the sensitivity analysis is unrepresentative of the other price risk as the year end exposure does not reflect the exposure during the year.

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on bank balances is limited because the counterparties are reputable banks in the USA and Hong Kong.

As at 31 December 2013 and 2012, the Group has concentration of credit risk as the total trade receivables was due from the Group's two largest customers in the trading business segment. The management is of the view that these trade receivables of the Group have good track records and considers that the trade receivables from these two customers are recoverable. In order to minimise the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Directors are taking active steps to improve the liquidity position of the Group and the Group should be able to continue as a going concern, details of which are set out in note 2.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

2013

	Weighted average interest rate	Less than 1 month or on demand	1 to 3 months	3 months to 1 year	1 to 2 years	Total undiscounted cash flows	Carrying amount at 31/12/2013
	%	US$	US$	US$	US$	US$	US$
Trade payables	—	1,442,868	—	—	—	1,442,868	1,442,868
Amount due to a related company	5	—	—	—	708,923	708,923	675,165
Amount due to a director	5	—	—	—	51,183	51,183	48,746
Convertible notes (excluding derivative financial instruments) (note)	—	—	—	—	5,910,000	5,910,000	4,333,491
		1,442,868	—	—	6,670,106	8,112,974	6,500,270

2012

	Weighted average interest rate	Less than 1 month or on demand	1 to 3 months	3 months to 1 year	1 to 2 years	Total undiscounted cash flows	Carrying amount at 31/12/2012
	%	US$	US$	US$	US$	US$	US$
Trade payables	—	1,326,484	—	—	—	1,326,484	1,326,484
Amount due to a related company	5	—	—	—	443,849	443,849	422,714
Amount due to a director	5	—	—	—	375,806	375,806	357,911
Convertible notes (excluding derivative financial instruments) (note)	—	—	—	—	5,910,000	5,910,000	3,553,372
		1,326,484	—	—	6,729,655	8,056,139	5,660,481

Note: The undiscounted cash flows of convertible notes are presented based on the assumption that the Company will not early redeem the outstanding convertible notes before the maturity date.

7c. **Fair value**

This note provides information about how the Group determines the fair value of its financial liability.

(i) ***Fair value of the Group's financial liability that is measured at fair value on a recurring basis***

One of the Group's financial liabilities is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial liability is determined (in particular, the valuation technique(s) and inputs used).

Financial liability	**Fair value as at 31/12/2013**	**Fair value hierarchy**	**Valuation technique and key inputs**	**Significant unobservable input(s)**
Derivative component of convertible notes classified as fair value through profit or loss	US$2,515,127	Level 3	Binomial model — in this approach, certain parameters (note 26) determined by management are input into the binomial model to derive the valuation of the derivative components of the convertible notes. Certain parameters include: — Share Price — Conversion Price — Risk-free rate — Option life — Dividend Yield — Volatility	Estimation of share price volatility, determined by reference to the historical share price of the Company (Note)

Note: Please refer to Note 7b(iii) for sensitivity analysis.

Fair value hierarchy

	Level 1	Level 2	Level 3	Total
	US$	*US$*	*US$*	*US$*
2013				
Financial liabilities				
Derivative financial instruments of convertible notes	—	—	2,515,127	2,515,127
2012				
Financial liabilities				
Derivative financial instruments of convertible notes	—	—	5,032,258	5,032,258

(ii) ***Reconciliation of Level 3 fair value measurements***

Derivative financial instruments of convertible notes

	2013	2012
	US$	*US$*
At 1 January	5,032,258	4,903,226
Unrealised fair value change (note)	(2,517,131)	129,032
At 31 December	2,515,127	5,032,258

Note: Included in "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

(iii) ***Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)***

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. The other financial assets and financial liabilities are categorised as level 3 and have been determined in accordance with generally accepted accounting principles models based on discounted cash flow analysis.

8. SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. CMMB business - Provision of transmission and broadcasting of television programs.

2. Trading business - Provision of agency services relating to trading of PCB materials

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2013

	CMMB business *US$*	**Trading business** *US$*	**Total** *US$*
Revenue			
Segment revenue	590,000	123,774	713,774
Segment profit (loss)	705,110	(20,037)	685,073
Other income			80
Unallocated expenses			(978,304)
Loss for the year			(293,151)

For the year ended 31 December 2012

	CMMB business US$	Trading business US$	Total US$
Revenue			
Segment revenue	149,197	117,030	266,227
Segment (loss) profit	(7,077,245)	19,357	(7,057,888)
Other income			80
Unallocated expenses			(1,879,763)
Share-based payments expense to consultants			(1,677,690)
Loss for the year			(10,615,261)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit (loss) from each segment without allocation of other income, central administration expenses, certain legal and professional fees, directors' remuneration and share-based payments expense to consultants. This is the measure reported to Company's executive directors for the purposes of resources allocation and performance assessment.

Segment assets

	2013 US$	2012 US$
CMMB business	34,970,424	24,416,858
Trading business	1,826,458	927,755
Total segment assets	36,796,882	25,344,613
Unallocated		
— Property, plant and equipment	49,396	11,829
— Prepayments	30,976	5,447
— Bank balances and cash	310,381	822,877
Consolidated assets	37,187,635	26,184,766

Segment liabilities

	2013	2012
	US$	*US$*
CMMB business	6,848,618	8,585,630
Trading business	1,470,068	1,326,484
Total segment liabilities	8,318,686	9,912,114
Unallocated		
— Accruals	332,567	554,786
— Other payables	319,332	—
— Amount due to a related company	675,165	422,714
— Amount due to a director	48,746	357,911
Consolidated liabilities	9,694,496	11,247,525

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include certain property, plant and equipment, prepayments, intangible assets, certain bank balances and cash and trade receivables; and
- segment liabilities include, trade payables, certain accruals, convertible notes and derivative financial instruments.

Other segment information

	CMMB business *US$*	Trading business *US$*	Total *US$*
Amounts included in the measure of segment profit or loss or segment assets:			
Year ended 31 December 2013			
Amortisation	306,345	—	306,345
Depreciation	—	4,979	4,979
Change in fair value of financial derivative instruments	(2,517,131)	—	(2,517,131)
Effective interest expense on convertible notes	780,119	—	780,119
Year ended 31 December 2012			
Addition to intangible assets	24,507,593	—	24,507,593
Amortisation	527,723	—	527,723
Impairment loss recognised on an intangible asset	1,334,185	—	1,334,185
Loss on acquisition of intangible assets	4,861,135	—	4,861,135
Change in fair value of financial derivative instruments	129,032	—	129,032
Effective interest expense on convertible notes	198,533	—	198,533

Geographical information

The Group principally operates in the USA (country of domicile of the operating subsidiary) for CMMB business and in Taiwan for Trading business. Nearly all non-current assets of the Group are located in the USA except for insignificant non-current assets (such as office equipment and motor vehicles in Hong Kong office) are located in Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations.

	Revenue from external customers	
	2013	**2012**
	US$	*US$*
USA	590,000	149,197
Taiwan	123,774	117,030
	713,774	266,227

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2013	**2012**
	US$	*US$*
Customer A[1]	590,000	149,197
Customer B[2]	N/A[3]	64,525
Customer C[2]	N/A[3]	39,924

1 Revenue from CMMB business

2 Revenue from Trading business

3 The corresponding revenue did not contribute over 10% of the total sales of the Group

9. REVENUE

Revenue of the Group is analysed as follows:

	2013	**2012**
	US$	*US$*
Provision of agency services	123,774	117,030
Transmission and broadcasting of television programs	590,000	149,197
	713,774	266,227

10. OTHER INCOME

	2013	2012
	US$	*US$*
Interest income	80	36
Others	—	44
	80	80

11. OTHER GAINS AND LOSSES

	2013	2012
	US$	*US$*
Impairment loss recognised on an intangible asset (note 20)	—	(1,334,185)
Loss on acquisition of intangible assets (note 32)	—	(4,861,135)
Change in fair value of derivative components of convertible notes (note 26)	2,517,131	(129,032)
	2,517,131	(6,324,352)

12. FINANCE COSTS

	2013	2012
	US$	*US$*
Effective interest expense on convertible notes	780,119	198,533
Imputed interest on an amount due to a related party	21,226	57
Imputed interest on an amount due to a director	18,035	48
	819,380	198,638

13. TAXATION

	2013	2012
	US$	*US$*
Current tax:		
Withholding tax on foreign income	59,000	—

Withholding tax represented PRC withholding tax on income from a PRC customer at 10% of the gross invoice amount.

No provision for Hong Kong Profits Tax or Taiwan Income Tax has been made as the Group has no assessable profit arising in Hong Kong and Taiwan for both years.

Taiwan Income Tax is calculated at a prevailing rate of 17% for both years. No provision for Taiwan Income Tax has been made as the Group did not have any assessable profit arising in Taiwan for both years.

Taxation arising in the USA is calculated at a prevailing rate of 38% for the year ended 31 December 2013 (2012: 40.7%). No provision for Federal Income Tax and State and Local Income Tax has been made as the Group did not have any assessable profit arising in the USA for both years.

Under the law of the PRC on Enterprise Income Tax (the "EIT law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% from 1 January 2008 onward. No provision for PRC income tax has been made in the consolidated financial statements as all of the PRC subsidiaries did not have taxable income for both years.

The taxation for the year can be reconciled to the loss for the year as follows:

	2013	**2012**
	US$	*US$*
Loss before tax	(234,151)	(10,615,261)
Tax at the domestic income tax rate of 38% (2012: 40.7%)	(88,977)	(4,320,411)
Tax effect of income not taxable for tax purpose	(956,576)	(33)
Tax effect of expenses not deductible for tax purpose	429,645	3,723,487
Tax effect of deductible temporary differences not recognised	—	543,013
Tax effect of tax losses not recognised	627,472	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	—	53,944
Withholding tax on foreign income	59,000	—
Others	(11,564)	—
Taxation for the year	59,000	—

At the end of both reporting periods, the Group has deductible temporary differences of US$1,334,185 relating to impairment loss recognised on an intangible asset. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. In addition, the Group has unused tax losses of US$1,651,242 as at the year ended 31 December 2013 (2012: Nil) available for offsetting against future profits, subject to the confirmation of the relevant tax authorities. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

14. LOSS FOR THE YEAR

	2013	2012
	US$	*US$*
Loss for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
— Salaries and allowances	235,265	307,632
— Retirement benefit scheme contributions	2,064	13,042
Total staff costs	237,329	320,674
Share-based payments expense to consultants (included in other expenses)	—	1,677,690
Amortisation of intangible assets (included in cost of sales)	306,345	357,402
Amortisation of intangible assets (included in other expenses)	—	170,321
Legal and professional fee (included in other expenses) (note)	903,504	526,861
Auditor's remuneration	184,516	154,839
Depreciation of property, plant and equipment	19,292	23,248
Exchange loss, net	14,887	1,153

Note: The amounts represented amounts payable to consultants, advisors and other professional parties.

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 7 directors and the chief executive were as follows:

	Directors							
	Wong Chau Chi	Liu Hui	Yang Yi	Chou Tsan Hsiung	Wang Wei-Lin	Li Shan	Li Jun	Total 2013
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Fees	—	—	—	—	—	—	—	—
Other emoluments								
Salaries and other benefits	—	—	—	—	—	—	—	—
Contributions to retirement benefits scheme	—	—	—	—	—	—	—	—
Performance related incentive payments	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—
Total emoluments	—	—	—	—	—	—	—	—

	Directors							
	Wong Chau Chi	**Liu Hui**	**Yang Yi**	**Chou Tsan Hsiung**	**Wang Wei-Lin**	**Li Shan**	**Li Jun**	**Total 2012**
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Fees	—	—	—	—	—	—	—	—
Other emoluments								
Salaries and other benefits	92,739	—	—	—	—	—	—	92,739
Contributions to retirement benefits scheme	—	—	—	—	—	—	—	—
Performance related incentive payments	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—
Total emoluments	92,739	—	—	—	—	—	—	92,739

Mr. Wong is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

For the year ended 31 December 2013, no directors received and waived any emoluments from the Company. For the year ended 31 December 2012, one director received emoluments of US$92,739 and six directors waived an aggregate amount of emoluments of US$139,320.

16. EMPLOYEES' REMUNERATIONS

Of the five individuals with the highest emoluments in the Group, there were no directors whose emoluments are included in the disclosures in note 15 above (2012: one director and the chief executive of the Company). The emoluments of the five (2012: four) individuals were as follows:

	2013	**2012**
	US$	*US$*
Salaries and other benefits	175,440	139,783
Contributions to retirement benefits scheme	2,064	1,763
	177,504	141,546

Their emoluments were within the following bands:

	2013	**2012**
	No. of employees	*No. of employees*
Nil to HK$1,000,000 (equivalent to US$ nil to US$129,000)	5	4

During both years, no emoluments were paid by the Group to these five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

17. DIVIDENDS

No dividend was paid, declared or proposed during both years, nor has any dividend been proposed since the end of the reporting period.

18. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company for the year is based on the following data:

	2013	**2012**
	US$	*US$*
Earnings (loss)		
Earnings (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	212,481	(9,900,497)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	780,119	—
Change in fair value of derivative components of convertible notes	(2,517,131)	—
Loss for the year attributable to owners of the Company for the purpose of dilutive loss per share	(1,524,531)	(9,900,497)

	2013	**2012**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	683,066,703	508,943,648
Effect of dilutive potential ordinary shares:		
Options	1,007,222	—
Convertible notes	138,744,230	—
Weighted average number of ordinary shares for the purpose of dilutive loss per share	822,818,155	508,943,648

For the year ended 31 December 2012, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and the conversion of the convertible notes of the Company since the assumed exercise of those share options and convertible notes in that year would result in decrease in loss per share.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Motor vehicles	Office and other equipment	Total
	US$	*US$*	*US$*	*US$*
COST				
At 1 January 2012	—	24,890	31,764	56,654
Exchange adjustments	—	—	316	316
At 31 December 2012	—	24,890	32,080	56,970
Exchange adjustments	—	—	970	970
Additions	59,275	—	—	59,275
At 31 December 2013	59,275	24,890	33,050	117,215
DEPRECIATION AND IMPAIRMENT				
At 1 January 2012	—	12,445	9,148	21,593
Exchange adjustments	—	—	300	300
Provided for the year	—	4,977	18,271	23,248
At 31 December 2012	—	17,422	27,719	45,141
Exchange adjustments	—	—	897	897
Provided for the year	9,879	4,979	4,434	19,292
At 31 December 2013	9,879	22,401	33,050	65,330
CARRYING VALUES				
At 31 December 2013	49,396	2,489	—	51,885
At 31 December 2012	—	7,468	4,361	11,829

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	33%
Motor vehicles	20%
Office and other equipment	10 - 20%

Office and other equipment which have been fully depreciated remains in use at the end of the reporting period.

20. INTANGIBLE ASSETS

	Contract acquisition costs/spectrum usage rights (note a)	Licensing rights (note b)	Total
	US$	*US$*	*US$*
COST			
At 1 January 2012	—	1,532,893	1,532,893
Acquired through acquisition of a subsidiary (note 32)	24,507,593	—	24,507,593
At 31 December 2012 and 31 December 2013	24,507,593	1,532,893	26,040,486
AMORTISATION			
At 1 January 2012	—	28,387	28,387
Provided for the year	357,402	170,321	527,723
Impairment loss recognised in profit or loss	—	1,334,185	1,334,185
At 31 December 2012	357,402	1,532,893	1,890,295
Provided for the year	306,345	—	306,345
At 31 December 2013	663,747	1,532,893	2,196,640
CARRYING VALUE			
At 31 December 2013	23,843,846	—	23,843,846
At 31 December 2012	24,150,191	—	24,150,191

Note

(a) As disclosed in note 32, the contract acquisition costs represented costs incurred in acquiring a favourable lease agreement which provided the exclusive right of four UHF spectrum TV station network in New York City with total 24 MHz in bandwidth capable of operating 24 digital channels of terrestrial and mobile TV and video programs covering 12 million populations in the New York Metropolitan of New York State. In 2012, the contract acquisition costs had finite useful lives and were amortised on a straight-line basis over the remaining operating leasing period of 20 years under the lease contract entered into between CMMB Vision (USA) and NYBB, a related party, of which Mr. Wong has equity interest.

During the year ended 31 December 2013, CMMB Vision (USA) entered into a supplementary agreement with NYBB that CMMB Vision (USA) is able to renew the lease period continuously at CMMB Vision (USA)'s discretion. The Directors determined that the lease previously classified as an operating lease becomes a finance lease resulting from modification of the lease agreement after considering the Group's ability and intention to renew the lease. The revised contract is accounted for as a finance lease from the date of modification (i.e. the effective date of the supplementary agreement).

At the date of modification, the leased asset is recognised in the Group's consolidated statement of financial position. The Directors considered that the remaining present value of the minimum lease payments is insignificant and has not been recognised as the liability. Given that the Group incurred the contract acquisition costs to acquire this favourable lease agreement during the year ended 31 December 2012, the Directors considered that the carrying amount of such contract acquisition costs as at the date of modification of the lease agreement is accounted for as part of the cost of the leased asset namely spectrum usage rights.

The spectrum usage rights have legal rights of 5 years. The Directors are of the view that NYBB is able to renew the license rights with the authority indefinitely at minimal costs. Accordingly, the useful life of the spectrum usage rights is regarded as indefinite.

During the current year, the management conducted an impairment assessment on the contract acquisition costs/spectrum usage rights. The management determined there is no impairment loss recognised for the year ended 31 December 2013 and 31 December 2012 based on the FVLCTS by reference to the spectrum transacted in New York City as the management considered that the FVLCTS is higher than the carrying amount of contract acquisition costs/spectrum usage rights.

The FVLCTS of the spectrum usage rights have been determined based on the Comparable Transaction Method. Comparable transactions were selected based on the transaction date, designated use of the spectrum and bandwidth of the spectrum. Furthermore, price paid per MHz per person under coverage of the area was adopted as the valuation multiple to arrive at the FVLCTS of the Company's spectrum usage rights. The Directors are of the opinion that the key assumptions are consistent with external sources of information and believe that any reasonably change in any of these assumptions would not cause the aggregate carrying amount of the spectrum usage rights to exceed the aggregate recoverable amount of the spectrum usage rights.

The Group's intangible assets are categorised into level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

On 13 September 2013, CMMB Vision (USA) entered into a memorandum of understanding ("MOU") with NYBB to acquire three UHF TV station spectrum usage rights in Dallas, Miami and Tempa, U.S.A. On 2 October 2013, CMMB Vision (USA) entered into another MOU with NYBB to acquire a UHF terrestrial TV station spectrum usage right in Atlanta, U.S.A. On 5 November 2013, CMMB Vision (USA) entered into another MOU with NYBB to acquire a free-to-air TV license and UHF spectrum usage rights in San Francisco, U.S.A. On 15 November 2013, CMMB Vision (USA) entered into another MOU with NYBB to acquire a free-to-air TV license and UHF spectrum usage rights in Houston, U.S.A. As at 31 December 2013, all these MOU's have yet to be finalised, where US$8,020,706 (2012: Nil) were paid to NYBB and US$3,000,000 (2012: Nil) were paid to an independent third party.

(b) The licensing rights represent the exclusive international development and licensing right of CMMB technology registered in the PRC for providing turnkey solutions to develop and promote CMMB technology and business platform in markets outside of the PRC. The licensing rights have finite useful lives and are amortised on a straight-line basis over the remaining licensing period of 9 years which approximates its economic useful life. The licensing rights will be expired in year 2020. As the actual results in the second half of 2012 did not meet the expected results the Directors recognised an impairment loss of US$1,334,185 for the year ended 31 December 2012. As at 31 December 2013, there were no changes to circumstances which led to the impairment in the prior year. Accordingly, no reversal of impairment loss had been made in the current year.

21. INTERESTS IN ASSOCIATES

	2013	**2012**
	US$	*US$*
Deemed cost of unlisted investments in associates	—	—

Details of the Group's associates as at 31 December 2013 and 2012 are as follows:

Name of associate	**Country of registration and principal place of operation**	**Paid-up registered capital**	**Attributable equity interest held by the Group**	**Principal activity**
北京富學傳媒文化有限公司	PRC	RMB3,000,000	30%	Provision of CMMB services
北京德神傳動廣告有限責任公司	PRC	RMB500,000	30%	Provision of CMMB services

	2013	**2012**
	US$	*US$*
The unrecognised share of loss of associates for the year	15,341	15,783
Cumulative unrecognised share of loss of associates	31,124	—

The acquisition of above associates was completed in August 2011. The fair value of the relevant associates at the date of acquisition was arrived at by reference to business valuations carried out on that date by an independent valuer, Roma Appraisals Limited, using business valuation techniques which involved certain assumptions of prevailing market conditions and a discount rate of 32.24% per annum and further adjusted for all outstanding debts at the date of acquisition. The resulting fair value (deemed cost) of unlisted investments at the date of completion was negligible.

The significant loss on acquisition was mainly attributable to the change in business plans of associates in 2011. Due to keen competition in the PRC since 2011, the original business plan was not as profitable as expected. The associates have changed their business plan to contribute their own production capacity to create a consolidated operating platform with a subsidiary of the Company during the year ended 31 December 2011 before the completion of the acquisition. The associates became inactive since the date of acquisition.

The Group's associates recorded net liabilities at the date of acquisition and at the end of the reporting periods. In absence of legal or constructive obligations or making payments on behalf of the associates, no shares of losses of associates are recognised in both years. The Directors also determined that the amounts in the statement of the financial position of the associates were insignificant and no relevant disclosure is presented.

22. TRADE AND OTHER RECEIVABLES

	2013	**2012**
	US$	*US$*
Trade receivables	1,177,460	927,755
Deposits	6,190	5,447
Prepayments	210,393	266,667
Total trade and other receivables	1,394,043	1,199,869

The Group generally allows credit period of 60 days to its customers of the Trading business.

There is no trade receivable under CMMB business as at 31 December 2013 and 2012.

The trade receivables are due from two customers under Trading business as at 31 December 2013 and 2012.

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

	2013	**2012**
	US$	*US$*
0 - 30 days	465,235	424,254
31 - 60 days	432,264	433,686
61 - 90 days	112,464	35,126
91 - 120 days	167,497	34,689
	1,177,460	927,755

Before accepting any new customer, the Group has to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. 76.2% of the trade receivables that are neither past due nor impaired as at 31 December 2013 have no default payment history.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of US$279,961 (2012: US$69,815) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold collateral over these balances. The average age of these receivables is 111 days (2012: 105 days).

Ageing of trade receivables which are past due but not impaired base on the past due date

	2013	**2012**
	US$	*US$*
0 - 30 days	112,464	35,126
31 - 60 days	128,400	34,689
Over 60 days	39,097	—
	279,961	69,815

The Group has not provided for receivables past due as all overdue amounts have been fully settled subsequent to the end of the reporting period.

23. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.35% (2012: 0.01% to 0.36%) per annum.

The carrying amounts of the Group's balances denominated in currencies other than financial currencies of the relevant group entities at the reporting date are as follows:

	2013	**2012**
	US$	*US$*
Hong Kong dollar	263,744	3,758
Renminbi	6,782	427

24. TRADE AND OTHER PAYABLES

The aged analysis of the trade payables as at the end of the reporting period, presented based on invoice date, are as follows:

	2013	**2012**
	US$	*US$*
0 - 90 days	1,349,975	1,296,331
91 - 180 days	92,322	30,153
Over 180 days	571	—
	1,442,868	1,326,484
Accruals	359,767	554,786
Other payables (note)	319,332	—
Total trade and other payables	2,121,967	1,881,270

Note: The amount represented the surplus received from consultants in relation to the shares placement in 2013.

The average credit period granted by its suppliers is 150 days.

25. AMOUNT(S) WITH A RELATED COMPANY AND A DIRECTOR

The amounts represent advances to finance the operations of the Group and are non-interest bearing, unsecured and not repayable within one year from the reporting dates. The related company is controlled by Mr. Wong, accordingly imputed interest on amounts due to the related party and Mr. Wong of US$33,849 and US$39,135 calculated at 5% (2012: 5%) based on the Hong Kong prime rate, has been charged to capital reserve as deemed contribution from a shareholder for the years ended 31 December 2013 and 2012, respectively.

26. CONVERTIBLE NOTES

On 14 September 2012, the Company issued Hong Kong dollar denominated convertible notes with a principal amount of HK$45,785,596 (approximately US$5,910,000) ("Convertible Notes") to Chi Capital as part of the consideration for the acquisition of CMMB Vision (USA) as detailed in note 32. The maturity date of the Convertible Notes is 13 September 2015 ("CN Maturity Date") which is 3 years from the date of issue of the Convertible Notes. The Convertible Notes are not interest bearing and mature on CN Maturity Date at the principal amount. The Convertible Notes are convertible into shares at any time after the issuance up to, but excluding, the close of business on the CN Maturity Date at the conversion price of HK$0.33, subject to anti-dilutive adjustments ("CN Conversion Option"). The initial number of common shares of the Company issuable upon conversion is 138,744,230 shares, which represent 23.57% of the total number of common shares of the Company issued and outstanding as of the issue date of the Convertible Notes on a fully diluted basis.

The Company is entitled to an option to early redeem at anytime from 14 September 2012 to CN Maturity Date the whole or part of the principal outstanding amount of the Convertible Notes at principal amount. The fair value of redemption option ("CN Redemption Option") on 14 September 2012, 31 December 2012 and 31 December 2013 are insignificant.

The Convertible Notes contain a debt component and derivative components (including CN Conversion Option and CN Redemption Option). The derivative components are classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments on the basis that the Convertible Notes are denominated in Hong Kong dollar, a foreign currency of the Company.

The fair value of the Convertible Notes was HK$64,000,000 (approximately US$8,258,065) on the initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the Convertible Notes. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 20% per annum. The derivative components are measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

The fair value of the CN Conversion Option was calculated based on a binomial model. The inputs used for the calculation of fair values of the CN Conversion Option are as follows:

	31 December 2013	**31 December 2012**	**14 September 2012 (date of issuance)**
Share Price	HK$0.36	HK$0.49	HK$0.46
Conversion Price	HK$0.33	HK$0.33	HK$0.33
Risk-free rate	0.27%	0.11%	0.25%
Option life	1.7 years	2.7 years	3.0 years
Dividend yield	0%	0%	0%
Volatility	75%	70%	70%

Risk free interest rate is estimated based on the yield of Hong Kong Government bond with a similar remaining tenure.

The volatility of the underlying shares during the life of the options was estimated based on average historical volatility of comparable companies for the year before the valuation date with lengths equal to the expected terms of the options.

The dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the next three years of the Company.

The movement of the Convertible Note debt component and derivative components are shown as follows:

	Debt component *US$*	Derivative components *US$*	Total *US$*
At date of issuance	3,354,839	4,903,226	8,258,065
Effective interest expenses	198,533	—	198,533
Change in fair value of convertible notes	—	129,032	129,032
At 31 December 2012	3,553,372	5,032,258	8,585,630
Effective interest expenses	780,119	—	780,119
Change in fair value of convertible notes	—	(2,517,131)	(2,517,131)
At 31 December 2013	4,333,491	2,515,127	6,848,618

27. SHARE CAPITAL

	Number of shares	Nominal value *HK$*	Shown as *US$*
Authorised:			
Ordinary shares of HK$0.1 each as at 31 December 2012 and 31 December 2013	5,000,000,000	500,000,000	
Issued and fully paid:			
Ordinary shares of HK$0.01 each as at 1 January 2012	4,498,222,000	44,982,220	5,804,157
Share consolidation (note i)	(4,048,399,800)	—	—
	449,822,200	44,982,220	5,804,157
Issue of new shares (note ii)	149,687,588	14,968,758	1,931,453
Exercise of share options (note 30)	40,220,000	4,022,000	518,968
Ordinary shares of HK$0.1 each as at 31 December 2012	639,729,788	63,972,978	8,254,578
Issue of new shares (note iii)	220,445,957	22,044,597	2,844,464
Ordinary shares of HK$0.1 each as at 31 December 2013	860,175,745	86,017,575	11,099,042

Notes:

(i) On 7 September 2012, an extraordinary general meeting of the Company was held and the resolutions of the share consolidation of the Company involving consolidation of the number of shares on the basis that every ten issued and unissued shares consolidated into one consolidated share of HK$0.10 each were approved.

(ii) On 7 September 2012, an extraordinary general meeting of the Company was held and the resolutions of issuance of 149,687,588 new shares (as adjusted by the effect of share consolidation (note 27(i))) of the Company for share consideration of HK$68,856,290 (equivalent to US$8,884,683) for the acquisition of 51% of equity interest of CMMB Vision (USA) were approved (see note 32).

(iii) On 30 July 2013, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 20,000,000 new shares for an aggregate consideration of HK$9,300,000 at the subscription price of HK$0.465 per subscription share.

On 15 August 2013, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 52,000,000 new shares for an aggregate consideration of HK$24,180,000 at the subscription price of HK$0.465 per subscription share.

On 11 September 2013, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 55,945,957 new shares for an aggregate consideration of HK$29,091,897 at the subscription price of HK$0.520 per subscription share.

On 6 December 2013, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 92,500,000 new shares for an aggregate consideration of HK$37,000,000 at the subscription price of HK$0.40 per subscription share.

The proceeds were used to provide additional working capital for the Company. The new shares rank pari passu with the existing shares in all respects.

28. MERGER RESERVE

The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of Global Technology International Limited acquired pursuant to a group reorganisation on 5 July 2005.

29. DISTRIBUTABLE RESERVE

On 29 April 2009, the authorised and issued share capital of the Company was reduced through a reduction in the nominal value of each share from HK$0.10 to HK$0.01. The capital reduction amount was transferred to distributable reserve.

30. SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of the sole shareholder of the Company passed on 5 July 2005.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the shares of the Company in issue on 10 October 2005 (the "General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

On 28 October 2011, the General Scheme Limit was renewed and approved by the shareholders in an extraordinary general meeting. As at 31 December 2012, the total number of shares available for issue in respect thereof was 63,972,978 (as adjusted by the effect of share consolidation (note 27(i)) representing 10% of the total issued shares on 28 October 2011.

On 25 November 2013, the General Scheme Limit was renewed and approved by the shareholders in an extraordinary general meeting. As at 31 December 2013, the total number of share available for issue in respect of thereof was 153,535,149 representing 20% of the total issued shares on 25 November 2013.

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 and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the shares under the Share Option Scheme will be a price determined by the directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

Details of the share options granted and outstanding under the Share Option Scheme during the year (as adjusted by the effect of the share consolidation as mentioned in note 27(i)) were as follows:

				Number of share options						
Category	**Date of grant**	**Exercise price**	**Exercise period**	**Outstanding at 1/1/2012**	**Granted during the year**	**Exercised during the year**	**Lapsed/ forfeited during the year**	**Outstanding at 31/12/2012 and 1/1/2013**	**Lapsed/ forfeited during the year**	**Outstanding at 31/12/2013**
		HK$								
(i) Directors										
Wong Chau Chi, Charles	5 November 2009	1.28	5 November 2009 to 4 November 2012	1,000,000	—	—	(1,000,000)	—	—	—
	23 February 2010	1.21	23 February 2010 to 22 February 2013	1,675,000	—	—	—	1,675,000	(1,675,000)	—
Chou Tsan Hsiung	5 November 2009	1.28	5 November 2009 to 4 November 2012	1,000,000	—	—	(1,000,000)	—	—	—
Li Jun	5 November 2009	1.28	5 November 2009 to 4 November 2012	1,000,000	—	—	(1,000,000)	—	—	—
Wang Wei-Lin	5 November 2009	1.28	5 November 2009 to 4 November 2012	200,000	—	—	(200,000)	—	—	—
Yang Yi	5 November 2009	1.28	5 November 2009 to 4 November 2012	1,500,000	—	—	(1,500,000)	—	—	—
	24 November 2009	1.46	24 November 2009 to 23 November 2012	500,000	—	—	(500,000)	—	—	—
Liu Hui	24 November 2009	1.46	24 November 2009 to 23 November 2012	1,000,000	—	—	(1,000,000)	—	—	—
Li Shan	5 November 2009	1.28	5 November 2009 to 4 November 2012	1,000,000	—	—	(1,000,000)	—	—	—
Total directors				8,875,000	—	—	(7,200,000)	1,675,000	(1,675,000)	—

Category	Date of grant	Exercise price *HK$*	Exercise period	Number of share options: Outstanding at 1/1/2012	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31/12/2012 and 1/1/2013	Lapsed/ forfeited during the year	Outstanding at 31/12/2013
(ii) Employees	25 September 2009	1.19	25 September 2009 to 23 November 2012	550,000	—	—	(550,000)	—	—	—
	24 November 2009	1.46	24 November 2009 to 23 November 2012	64,400	—	—	(64,400)	—	—	—
	3 June 2010	1.21	3 June 2010 to 2 June 2013	3,000,000	—	—	—	3,000,000	(3,000,000)	—
	18 June 2010	1.25	18 June 2010 to 17 June 2013	1,351,000	—	—	—	1,351,000	(1,351,000)	—
Total Employees				4,965,400	—	—	(614,400)	4,351,000	(4,351,000)	—
(iii) Consultants	25 September 2009	1.19	25 September 2009 to 24 September 2012	3,900,000	—	—	(3,900,000)	—	—	—
	24 November 2009	1.46	24 November 2009 to 23 November 2012	10,390,000	—	—	(10,390,000)	—	—	—
	23 February 2010	1.21	23 February 2010 to 22 February 2013	269,500	—	—	—	269,500	(269,500)	—
	3 June 2010	1.21	3 June 2010 to 2 June 2013	20,400,000	—	—	—	20,400,000	(20,400,000)	—
	18 June 2010	1.25	18 June 2010 to 17 June 2013	2,000,000	—	—	—	2,000,000	(2,000,000)	—
	23 November 2011	0.4	23 November 2011 to 22 November 2014	44,982,220	—	(37,480,000)	—	7,502,220	—	7,502,220
	19 November 2012	0.5	19 November 2012 to 18 November 2015	—	45,000,000	(2,740,000)	—	42,260,000	—	42,260,000
Total consultants				81,941,720	45,000,000	(40,220,000)	(14,290,000)	72,431,720	(22,669,500)	49,762,220
Total				95,782,120	45,000,000	(40,220,000)	(22,104,400)	78,457,720	(28,695,500)	49,762,220
Exercisable at the end of the year				95,782,120				78,457,720		49,762,220
Weighted average exercise price (HK$)				0.9	0.52	0.41	1.36	0.76	1.21	0.5

The share options vested immediately on the date of grant.

During the year ended 31 December 2012, share options of 45,000,000 were granted on 19 November 2012 to certain consultants. The consultants are engaged for improving the system of CMMB-LTE technology due to the uniqueness of the service received, fair value cannot be measured reliably and the fair value of the option is therefore determined at the dates of grant using the Black-Scholes option pricing model were HK$13,002,098 (equivalent to US$1,677,690). The consultants provide consultancy services rendered for development of CMMB business and seek for new investment opportunities in CMMB business.

The following assumptions were used to calculate the fair values of share options granted:

During the year ended 31 December 2012

	19 November 2012
Grant date share price	HK$0.50
Exercise price	HK$0.52
Expected volatility (note)	90.40%
Expected life	3 years
Expected dividend yield	zero
Risk-free rate of interest	0.187%

Note: Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The Group has recognised total expenses in statement of comprehensive income of US$1,677,690 related to equity settled share-based payment transactions for the year ended 31 December 2012. These were no equity share-based transactions in the current year.

31. CAPITAL RESERVE

Capital reserve represents (i) the capital contribution from a shareholder of the Company through the shares granted by a shareholder to the employees of the Company during the year ended 31 December 2006 and 2008, (ii) deemed capital contribution from a shareholders regarding the non-interest bearing advances.

32. ACQUISITION OF AN ASSET THROUGH ACQUISITION OF A SUBSIDIARY

On 14 September 2012, the Group acquired 51% of the issued share capital of CMMB Vision (USA) from Chi Capital by way of issue of 149,687,588 new shares and HK$45,785,596 (equivalent to US$5,910,000) of convertible notes. The fair value of the shares and convertible notes of the Company, determined using the published price available at the date of acquisition and assumptions as disclosed in note 26 respectively, at the date of the acquisition amounted to HK$68,856,290 and HK$64,000,000 (equivalent to US$8,884,683 and US$8,258,065), respectively.

Before the acquisition, CMMB Vision (USA) has entered into an asset purchase option and ancillary spectrum lease agreement ("Lease Agreement") with NYBB, a related party, of which Mr. Wong holds 25% of equity interest. CMMB Vision (USA) has been granted for an option to purchase the ancillary spectrum during the lease period at US$1,000 subject to the approval of Federal Communications Commission ("FCC") and an exclusive operating right of CMMB trial network and four terrestrial TV stations in New York for a minimum of 20 years at a consideration of US$100 per month under the lease. The Directors consider the fair value of the asset purchase option is insignificant as the ownership transfer of the ancillary spectrum is prohibited under the regulations of FCC.

CMMB Vision (USA) was acquired so as the Group is entitled to use the operating rights of CMMB trial network and four terrestrial TV stations in New York under the Lease Agreement to develop a convergent CMMB-LTE network and offer nationwide services in the USA. At the date of acquisition, CMMB Vision (USA) only held the Lease Agreement and remained inactive. The acquisition is accounted for as an acquisition of an intangible asset, being the favourable lease agreement, and the associated liability.

Asset acquired and liability recognised at the date of acquisition were as follows:

	US$
Intangible assets	24,507,593
Amount due to a related company (note)	(425,998)
Net assets	24,081,595
Less: Non-controlling interests	(11,799,982)
Net assets attributable to owners of the Company	12,281,613

Note: The related company is controlled by Mr. Wong.

The fair values of these intangible assets at the date of acquisition have been arrived at on the basis of fair value by reference to the valuation performed by an independent valuer, Roma Appraisals Limited, using market approach valuation techniques which by reference to the latest market transactions in New York after considering the lease terms and relevant operating costs. The fair value of the net assets of US$12,281,613, is less than the aggregate fair value of shares and convertible notes issued of US$8,884,683 and US$8,258,065 as at the acquisition date, respectively, and accordingly a loss on acquisition of intangible assets of US$4,861,135, which represented the difference between the fair value of shares and convertible notes issued and the fair value of any identifiable assets was recognised in profit and loss at the date of acquisition as set out in note 11.

The non-controlling interests (49%) in CMMB Vision (USA) recognised at the acquisition date was measured by reference to the share of net asset of the non-controlling interests and amounted to US$11,799,982. This net asset value was estimated by reference to the similar transactions of spectrum in New York City after considering the lease terms and relevant operating costs.

33. MAJOR NON-CASH TRANSACTIONS

As set out in note 13, the Group had withholding taxes on foreign income for the year ended 31 December 2013. The withholding taxes were settled by way of deduction from the gross invoice amount by the customer prior to remittance to the Group.

As set out in note 32, the Group acquired 51% of the issued share capital of CMMB Vision (USA) by way of issue of 149,687,588 new shares and convertible notes with a principal amount of HK$45,785,596 during the year ended 31 December 2012.

34. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases of an office and site premises for the operation of TV transmission antenna and related transmission equipment were US$103,465 (2012: US$490,598) and US$323,691 (2012: US$47,600), respectively.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013			2012
	Site premises	**Office**	**Total**	**Site premises**
	US$	*US$*	*US$*	*US$*
Within one year	332,750	123,738	456,488	324,680
In the second to fifth years inclusive	690,431	164,984	855,415	1,025,981
Over five years	—	—	—	16,900
	1,023,181	288,722	1,311,903	1,367,561

Operating lease payments solely represent leases payable by the Group for an office and site premises for the operation of TV transmission antenna and related transmission equipment. Lease terms are negotiated for a term ranged from one to three years (2012: one to twenty years) with fixed rentals.

Site premises represent commitments for future minimum lease payments under non-cancellable operating leases with NYBB, a related party of the Group.

35. CAPITAL COMMITMENTS

	2013	**2012**
	US$	*US$*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of intangible assets	19,950,000	—

36. RETIREMENT BENEFIT SCHEME

(a) Mandatory Provident Fund

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

Both the Group and the employee contribute a fixed percentage of the relevant payroll, subject to a maximum contribution of HK$1,250 (approximately US$160) effective from 1 June 2012 to the MPF Scheme.

(b) Social security and benefits for PRC employees

In accordance with the relevant PRC rules and regulations, the PRC subsidiaries are required to establish defined contribution plans managed by the relevant local government bureau in the PRC and to make contributions to the plan for its eligible employees. The contribution borne by the Group is calculated according to the level regulated by the municipal government.

The total cost charged to profit or loss of US$2,064 (2012: US$13,042) represents contributions payable to these schemes by the Group in respect of the current year. As at 31 December 2013, contributions of US$322 (2012: US$988) due in respect of the reporting period had not been paid over to the scheme.

37. RELATED PARTY DISCLOSURES

Save as disclosed above for those related party transactions and related party balances set out in the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

Name of related parties	Nature of transactions	2013	2012
		US$	*US$*
Chi Capital Partners Limited	Rental paid	45,600	480,124
NYBB	Rental paid	323,691	47,600

Compensation of key management personnel

The remuneration of key management personnel of the Company during the year were as follows:

	2013	2012
	US$	*US$*
Short-term benefits	—	92,739

The emoluments of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends. For the year ended 31 December 2013, no short-term benefits have been received by the key management personnel for their services to the Group.

38. EVENTS AFTER THE REPORTING PERIOD

(i) On 13 January 2014, CMMB Vision (USA) entered into an MOU with NYBB and paid a deposit amounting to US$168,000 to acquire a free-to-air UHF TV license usage right in Los Angeles, U.S.A. As at the date of this report, the MOU has yet to be finalised.

(ii) On 3 March 2014, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 61,035,149 new shares for an aggregate consideration of HK$15.87 million (US$2.0 million) at a subscription price of HK$0.260 per subscription share (the "Placement"). The Placement was completed on 5 March 2014. The proceeds will be used to provide additional working capital for the Company. The new shares rank pari passu with the existing shares in all respects.

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

(a) Particulars of the Company's subsidiaries as at 31 December 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operations	Class of share held	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ paid up capital held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2013	2012	2013	2012	2013	2012	2013	2012	
Global Flex Trading Center Limited	Samoa/ Taiwan	Ordinary	**US$2,000,000	100%	100%	—	—	100%	100%	—	—	Provision of agency services
Glactic Venture Holdings Limited	British Virgin Islands	Ordinary	US$1	100%	100%	—	—	100%	100%	—		Investment holding
Grand Regal Capital Limited	British Virgin Islands	Ordinary	US$1	—	—	100%	100%	—	—	100%	100%	Investment holding
* CMMB Vision (Beijing) Company Limited	The PRC	Capital contribution	US$63,000	—	—	100%	100%	—	—	100%	100%	Inactive
CMMB Holdings Limited	Hong Kong	Ordinary	HK$10,000	95%	95%	—	—	95%	95%	—	—	Investment holding
CMMB SAT Limited	Hong Kong	Ordinary	HK$500	100%	100%	—	—	100%	100%	—	—	Provision of administrative service
Newell Top Limited	British Virgin Islands	Ordinary	US$50,000	—	—	100%	100%	—	—	100%	100%	Provision of agency services
CMMB International Limited	Hong Kong	Ordinary	HK$10,000	—	—	65%	65%	—	—	65%	65%	Holding of a licensing right
CMMB Vision (USA)	USA	Ordinary	US$10,000	51%	51%	—	—	51%	51%	—	—	Provision of transmission and broadcasting of television programs

* These subsidiaries are wholly-foreign-owned enterprises established in the PRC.

** The registered capital has not been paid up as at 31 December 2013 and 2012.

None of the subsidiaries had issued any debt securities at the end of the year.

(b) **Details of non-wholly owned subsidiaries that have material non-controlling interests**

The table below shows details of the non-wholly owned subsidiaries of the Company that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	2013	2012	2013	2012
				US$	*US$*	*US$*	*US$*
CMMB Vision (USA)	USA	49%	49%	(505,632)	(188,179)	11,106,171	11,611,803
CMMB International Limited	Hong Kong	65%	65%	—	(526,577)	(350,000)	(350,000)
Individually immaterial subsidiaries with non-controlling interests						(8)	(8)
						10,756,163	11,261,795

Summarised financial information in respect of the Group's subsidiaries that has a material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

CMMB Vision (USA)

	2013	2012
	US$	*US$*
Current assets	105,872	267,164
Non-current assets	34,864,552	24,150,191
Non-current liabilities	(10,629,322)	(719,798)
Equity attributable to owners of the Company (note)	13,234,931	12,085,754
Non-controlling interests	11,106,171	11,611,803

	2013	2012
	US$	*US$*
Revenue	590,000	149,196
Expenses	(1,651,511)	(533,235)
Loss for the year	(1,061,511)	(384,039)
Loss and total comprehensive expense attributable to owners of the Company	(555,879)	(195,860)
Loss and total comprehensive expense attributable to non-controlling interests	(505,632)	(188,179)
Loss and total comprehensive expense for the year	(1,061,511)	(384,039)
Net cash outflow from operating activities	(458,888)	(293,304)
Net cash outflow from investing activities	(11,020,704)	—
Net cash inflow from financing activities	11,584,971	293,801
Net cash inflow	105,375	497

Note: Included in equity attributable to owners of the Company for the year ended 31 December 2013 is a capital reserve arising from deemed contributions from the Company in relation to an interest free advance.

3. INDEBTEDNESS

Borrowings

As at the close of business on 30 April 2014, the Group had outstanding borrowings from Mr. Wong Chau Chi, the Chairman of the Board, the chief executive officer of the Company and a Director of the Company, of US$48,746. Such borrowings are unsecured and non-interest bearing.

As at the close of business on 30 April 2014, being the latest practicable date for the purposes of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings from a company controlled by Mr. Wong Chau Chi of US$675,165. Such borrowings are unsecured and non-interest bearing.

Convertible Notes

As at the close of business on 30 April 2014, the Group had outstanding Convertible Notes in the principal amount of HK$45,785,596 issued by the Company to Chi Capital on 14 September 2012.

Save as disclosed above, the Group did not have any outstanding mortgages, charges, debt securities, term loans and overdrafts, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or any guarantees or other material contingent liabilities as at the close of business on 30 April 2014.

4 MATERIAL ACQUISITION SINCE 31 DECEMBER 2013

On 23 May 2014, the Group has entered into a sale and purchase agreement with respect to the acquisition of Chi Vision. Please refer to the sub-section headed "Further information about the Acquisition" in the section headed "Letter from the Board" for further details.

The aggregate of the remuneration payable to and benefit in kind receivable by the Directors were not varied in consequence of the Acquisition.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue and the Bonus Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group (the "**Unaudited Pro Forma Financial Information**") has been prepared by the directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the basis of two Rights Shares for every one existing shares in issue on the Record Date at HK$0.15 per Rights Share and one Bonus Share for every two Rights Shares taken up under the Rights Issue on the consolidated net tangible liabilities of the Group attributable to the owners of the Company as if the Rights Issue and the Bonus Issue had taken place on 31 December 2013.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and, because of its nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the presentation currency of the estimated net proceeds from the Rights Issue is converted from Hong Kong Dollars to US Dollars and the following exchange rate was used where appropriate:

US$1 = HK$7.75

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company derived from the audited consolidated statement of financial position of the Group as at 31 December 2013, extracted from the annual report of the Company for the year ended 31 December 2013, with adjustment described below:

Audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2013	Estimated net proceeds from the Rights Issue	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion Rights Issue
US$'000	*HK$'000*	*US$'000*	*US$'000*
Note (1)	*Note (2)*	*Note (2)*	
(7,107)	269,463	34,769	27,662

	US$
Audited consolidated net tangible liabilities of the Group per share attributable to the owners of the Company as at 31 December 2013 before the completion of the Rights Issue (*Note 3*)	(0.008)
Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 31 December 2013 immediately after the completion of the Rights Issue (*Note 4*)	0.01
Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 31 December 2013 immediately after the completion of the Rights Issue and Bonus Issue *(Note 5)*	0.008

Notes:

1. The audited consolidated net tangible liabilities (excluding intangible assets) attributable to the owners of the Company as at 31 December 2013 of approximately US$7,107,000 is based on the consolidated net assets attributable to owners of the Company of approximately US$16,737,000 less intangible assets of approximately US$23,844,000, as extracted from the published audited consolidated statement of financial position of the Group as at 31 December 2013.

2. The estimated net proceeds from the Rights Issue of approximately HK$269,463,000 (approximately US$34,769,000) are based on 1,842,421,788 Rights Shares to be issued (based on 921,210,894 shares in issue as at the latest practicable date and assuming no share options would be exercised and no convertible notes would be converted) at the subscription price of HK$0.15 per Rights Share and after deduction of estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue, of approximately HK$6,900,000.

3. The audited consolidated net tangible liabilities of the Group per share attributable to the owners of the Company as at 31 December 2013 before the completion of the Rights Issue is determined based on the audited consolidated net tangible liabilities (excluding intangible assets) of the Group attributable to the owners of the Company as at 31 December 2013 of approximately US$7,017,000 as disclosed in note (1) above, divided by 860,175,745 shares which represents Company's shares in issue as at 31 December 2013.

4. Unaudited pro forma adjusted consolidated net tangible assets (excluding intangible assets) of the Group per share attributable to the owners of the Company as at 31 December 2013 immediately after the completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of Rights Issue of approximately US$27,662,000, divided by 2,763,632,682 shares which represents 860,175,745 shares in issue as at 31 December 2013, 61,035,149 placing shares issued on 7 March 2014 and 1,842,421,788 Rights Shares to be issued pursuant to the Rights Issue (based on 921,210,894 shares in issue as at the latest practicable date and assuming no share options would be exercised and no convertible notes would be converted).

5. Unaudited pro forma adjusted consolidated net tangible assets (excluding intangible assets) of the Group per share attributable to the owners of the Company as at 31 December 2013 immediately after the completion of the Rights Issue and Bouns Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of Rights Issue of approximately US$27,662,000, divided by 3,684,843,576 shares which represents 860,175,745 shares in issue as at 31 December 2013, 61,035,149 placing shares issued on 7 March 2014, 1,842,421,788 Rights Shares to be issued pursuant to the Rights Issue (based on 921,210,894 shares in issue as at the latest practicable date and assuming no share options would be exercised and no convertible notes would be converted) and 921,210,894 Bonus Shares (based on two Rights Shares for every one Bonus Share in issue on the Record Date and assuming no share options would be exercised and no convertible notes would be converted).

6. Except for the placing shares issued on 7 March 2014, no adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2013.

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

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

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

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT CIRCULAR

To the Directors of CMMB Vision Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of CMMB Vision Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma net tangible assets statement as at 31 December 2013 (the "Pro Forma Financial Information"), and related notes as set out in Appendix II of the circular issued by the Company dated 16 June 2014 (the "**Circular**"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are described in Appendix II of the Circular.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue and bonus issue on the Group's financial position as at 31 December 2013 as if the proposed rights issue and bonus issue had taken place at 31 December 2013. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2013, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 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' ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion 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 Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus', issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

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

(c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806
Hong Kong, 16 June 2014

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 Group. 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 other matters the omission of which would make any statement herein or this circular misleading.

SHARE CAPITAL

The authorised and issued share capitals of the Company as at the Latest Practicable Date were, and immediately after completion of the Rights Issue will be, as follows:

	HK$ *(Nominal Value)*
Authorised share capital:	
5,000,000,000 Shares	500,000,000
Issued and fully paid share capital:	
921,210,894 Shares in issue	92,121,089.40
2,763,632,682 Shares in aggregate to be issued upon completion of the Rights Issue and Bonus Issues (assuming no further issue of new Shares on or before the Record Date)	276,363,268.20
3,143,322,064 Shares in aggregate to be issued upon completion of the Rights Issue and Bonus Issues (assuming all the outstanding Share Options are exercised and no other issue of new Shares on or before the Record Date) *(Note)*	314,332,206.40

Note: As at the Latest Practicable Date, save as (i) the Share Options granted under the Pre-Listing Share Option Scheme of the Company entitling the holders to subscribe for a total of 126,529,794 Shares upon full exercise of such options; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 138,744,230 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

All the Shares in issue rank, pari passu in all respects with each other including rights to dividends, voting and return of capital. The Rights Shares and the Bonus Shares, when allotted, issued and fully paid, will rank pari passu with each other and the then existing Shares in issue in all respects including rights to dividends, voting and return of capital.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or the Bonus Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save as (i) the Share Options granted under the Pre-Listing Share Option Scheme of the Company entitling the holders to subscribe for a total of 126,529,794 Shares upon full exercise of such options; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 138,744,230 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that the Group will, taking into account the Rights Issue, the Bonus Issue and the financial resource available to the Group, have sufficient working capital for its present operating requirements and for the next twelve months from the date of this circular.

BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

The Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in provision of CMMB and agency services. The Company has been pursuing opportunities arising from PRC'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. 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.

The Group is developing to be a leading next generation mobile multimedia service provider. It addresses the rapidly growing demand for mobile and wireless video and internet content downloads with a very low cost and efficient solution based on the China-developed CMMB multicast technology. Consumers with untethered CMMB-enabled devices such as handsets, netbooks, MP4s, dongles, GPS, and LED panels can receive virtually unlimited and instant mobile video and Internet downloads anytime anywhere deliverable through a ubiquitous terrestrial and satellite network.

Developed by the State Administration of Radio, Film, and Television ("SARFT") of the PRC with collaboration from US, CMMB is one of the most advanced digital broadcasting (multicast) technologies invented in the 21st century that enables mobile television delivery and data delivery through Internet by the Internet Protocol ("IP data"). It is Orthogonal frequency- division multiplexing ("OFDM") based, and can readily interact with other OFDM technologies such as third generation mobile technology 3G, fourth generation mobile technology ("4G") based on Institute of Electrical and Electronics Engineers standards 802.16(e) ("WiMax") and 4G Long Term Evolution ("4G LTE").

The key feature of CMMB is that it can deliver streaming live mobile video and push-IP data in a massive quantity and instant speed simultaneously to an unlimited number of mobile users anytime anywhere at very low cost. CMMB has been widely deployed over 330 Chinese cities with the support of world's largest mobile network and supply-chain ecosystem.

The Group's main business is to apply the CMMB technology to address the growing bottleneck caused by video and Internet data content distribution, which can no longer be accommodated by the conventional unicast — based mobile communication technologies. In China, its goal is to become a leading CMMB service provider. Globally, its goal is to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

On 23 May 2014, the Group has entered into a sale and purchase agreement with respect to the acquisition of Chi Vision. Please refer to the announcement of the Company dated 23 May 2014 and the sub-section headed "Further information about the Acquisition" in the section headed "Letter from the Board" for further details.

DIRECTORS

Executive Directors

Mr. WONG Chau Chi ("Mr. Wong"), aged 49, was appointed as an executive Director in May 2007. Mr. Wong is currently the chief executive officer of the Group and the Chairman of the Board. Mr Wong has extensive experiences in finance, technology, and industrial management. He engineered the restructuring and reorganization of Global Flex Holdings Limited, a manufacturing company, into CMMB Vision Holdings Limited, 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 Holdings Limited, 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, as well as a degree in Master in Public Policy (MPP) from the Kennedy School of Government at Harvard University. He was also matriculated by the St. Antony's College at Oxford University for its political history program. Mr. Wong had not held any position nor directorship in other listed companies in the three preceding years.

Dr. LIU Hui ("Dr. Liu"), aged 45, was appointed as a non-executive Director in November 2009 and re-designated to an executive Director in May 2011. Dr. Liu is currently the chief technology officer of the Group and the Vice- chairman of the Board. 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 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 on 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. Dr. Liu had not held any position nor directorship in other listed companies in the three preceding years.

Non-executive Directors

Mr. CHOU Tsan-Hsiung ("Mr. Chou"), aged 71, was appointed as an independent non-executive Director in June 2005 and was subsequently re-designated as a non-executive Director in September 2005. Mr. Chou graduated with a bachelor degree in Laws from the National Chengchi University and is a member of Taipei Bar Association. Mr. Chou is currently a practicing lawyer in the Best Truth Law Firm in Taiwan. Mr. Chou previously worked in the Legal Affairs Office of the Central Trust of China. Mr. Chou had not held any position nor directorship in other listed companies in the three preceding years.

Mr. YANG Yi ("Mr. Yang"), aged 50, was appointed as a non-executive Director in February 2007. Mr. Yang first graduated from the Beijing University with a Bachelor Degree of Art in International Politics in 1987 and was awarded a scholar of Japanese Education Ministry by the Tokyo University in the same year. In 1991, Mr. Yang was awarded a master degree of Art in Law & Diplomacy by Fletcher School of Law and Diplomacy, jointly administrated by Tufts University and Harvard University. Mr. Yang has about 26 years of experience in finance and human resources management. The major appointments and positions previously assumed by Mr. Yang include a financial analyst at the fixed income division of J.P. Morgan Securities (Tokyo), the vice president of the human capital management of Goldman Sachs LLP (New York), the principal of executive search in the financial industry of Korn/Ferry International (Hong Kong) and a managing director of A.T. Kearney Management Consultancy (Hong Kong). At present, Mr. Yang is the director and founder of G Bridge Limited, Hong Kong based human resources advisory firm. Mr. Yang had not held any position nor directorship in other listed companies in the three preceding years.

Independent non-executive Directors

Mr. WANG Wei-Lin ("Mr. Wang"), aged 42, was appointed as an independent non-executive Director in September 2005. Mr. Wang has obtained a degree in Juris Scientiae Doctoris (Doctor of Juridical Science) from the Washington University in St. Louis. Mr. Wang also graduated with a Master of Laws degree from the University of Pennsylvania and a bachelor degree in laws from the National Chengchi University. Mr. Wang is a certified attorney in Taiwan and the New York State of the United States of America. Mr. Wang is also a member of the Taipei Bar Association and American Bar Association. Mr. Wang is currently an assistant professor in Shih Hsin University School of Law

(世新大學法學院助理教授). Mr. Wang is currently an independent director of YoungFast (洋華光電股份有限公司), a company listed on the Taiwan Stock Exchange Corporation. Save as aforesaid, Mr. Wang had not held any position nor directorship in other listed companies in the three preceding years.

Mr. LI Shan ("Mr. Li"), aged 50, was appointed as a non-executive Director in October 2009 and re-designated to an independent non-executive Director in March 2010. Mr. Li graduated from School of Economics and Management of Tsinghua University with a BS degree in Management Information Systems in 1986, from University of California Davis with a MA degree in Economics in 1988, and from Massachusetts Institute of Technology with a PhD degree in Economics in 1993. After graduation, Mr. Li worked as an International Economist for Goldman Sachs & Co. In 1995, He became an Executive Director of Investment Research Department of Goldman Sachs (Asia), Executive Director for Investment Banking in Goldman Sachs International in London in 1997. From 1999 to 2001, Mr. Li was a Managing Director and the Head of China Investment Banking at Lehman Brothers. During 2001-2005, Mr. Li was the Chief Executive Officer for Bank of China International Holdings ("BOCI") in Hong Kong. Mr. Li has over 19 years of experience in investment banking and related financial management. At present, Mr. Li is a founding partner and Chief Executive Officer for San Shan (HK) Limited, an investment advisory company based in Hong Kong, Deputy Director of National Center of Economic Research of Tsinghua University, Director for Soufun.com and China Cablecom, and Vice-Chairman of China Overseas Returned Scholars Development Foundation in Beijing. Mr. Li was also a Director for 51job.com, a company listed on the Nasdaq and vice-chairman of UBS Investment Bank, a business division of UBS AG. Save as aforesaid, Mr. Li had not held any position nor directorship in other listed companies in the three preceding years.

Dr. LI Jun ("Dr. Li"), aged 52, was appointed as a non-executive Director in June 2007 and re-designated to an independent non-executive Director in May 2011. Dr. Li obtained a doctorate degree of philosophy in Political Economy from Oxford University in the United Kingdom. He was a senior manager and director of a number of securities and investment companies in Hong Kong and had extensive experience in international financial market. Dr. Li is previously an independent non-executive director of Sun Century Group Limited (formerly known as Hong Long Holdings Limited) (Stock code: 1383) until 1 June 2012 and an independent non-executive director of Zhejiang Glass Company, Limited (Stock code: 739) until 31 May 2013. Save as aforesaid, Dr. Li had not held any position nor directorship in other listed companies in the three preceding years.

The business address of all Directors is at Unit 1211, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Cyberport, Hong Kong.

None of the Directors or members of the senior management mentioned below have any relationship with each other.

SENIOR MANAGEMENT

Mr. Vernon L. FOTHERINGHAM ("Mr. Fotheringham"), managing director for the Group's US operations: Mr. Fotheringham has been an industry leader and entrepreneur in the wireless and broadband communications industry for over thirty years. Previously he was the CEO of Adaptix Inc., a world leader in the development of next generation broadband wireless system technology principally OFDMA and mobile WiMAX (for which it patented the core technology of the IEEE

802.16(e) standard, as now embedded in Mobile WiMax and LTE cellular systems). Mr. Fotheringham was also previously the CEO and chairman of Bazillion, an Internet service provider, and Voice over Internet Protocol,service provider, which developed the first national VoIP network providing toll quality voice services. In addition, Mr. Fotheringham was the founder, CEO and chairman of Advanced Radio Telecom (ART), a publicly traded wireless internet service provider. ART held broadband radio spectrum licenses for 207 major markets in the U.S. and five countries in Europe. Highlights of his career activities include direct participation in the development and international expansion of the cellular telephone industry on four continents; the creation and development of the mobile satellite and satellite audio broadcasting industry with Omninet (now Qualcomm), AMSC (now Light Squared) and Norcom Networks (now Wireless Matrix); spearheading nationwide air-to- ground communication services with Claircom (now AT&T Mobility); pioneering digital satellite broadcasting as founder of Digital Satellite Broadcasting Corporation. Mr. Fotheringham received his BA Degree from California State University, Fullerton (CSUF), and pursued post-graduate degrees at both CSUF and Claremont Graduate University. He is the co-author of "Wireless Broadband: Conflict and Convergence," published in November 2008.

Mr. Fred SLATER ("Mr. Slater"), vice president of operations: Mr. Slater is in charge of broadcast operations and service development at CMMB Vision (USA). He was previously the vice president of engineering at National Interop where he led the development of new radio products. He began his career at AT&T, where he designed and built a successful video conferencing service in the mid-1990's. He subsequently participated in four startup companies for over 10 years, designing a unique national Voice Over Internet Protocol service, an IP-base radio service, the world's first OFDMA broadband products and a suite of award-winning mobile WiMAX products.

Mr. Ted PIERSON ("Mr. Pierson"), 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 21 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.

The business address of all members of the senior management set out above is Unit 1211, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Cyberport, Hong Kong.

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
Principal place of business of the Company in Hong Kong	Unit 1211, Level 12, Core F Cyberport 3 100 Cyberport Road Cyberport Hong Kong

Company secretary	Mr. Cheung Kai Cheong Willie FCCA, CPA
Authorised representatives	Mr. Wong Chau Chi Mr. Cheung Kai Cheong Willie
Auditor	Deloitte Touche Tohmatsu *Certified Public Accountants* 35/F., One Pacific place 88 Queensway Hong Kong
Principal share registrar and transfer agent	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House, 24 Shedden Road George Town, Grand Cayman KY1-1110 Cayman Islands
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	Hong Kong Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

PARTIES INVOLVED IN THE RIGHTS ISSUE AND BONUS ISSUE

Underwriters	President Securities (Hong Kong) Limited Units 2603-06 26/F Infinitus Plaza 199 Des Voeux Road Central Hong Kong
	Chi Capital Holdings Limited P.O. Box 438 Road Town, Tortola British Virgin Islands
Legal adviser to the Company	Orrick, Herrington & Sutcliffe 43rd Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Ordinary Shares

Name of Director	Capacity/nature of interest	Total number of ordinary shares held	Approximate percentage of interest
Mr. Wong Chau Chi	Interest of controlled corporation *(Note)*	155,857,838	16.92%

Notes: These Shares are registered under the name of Chi Capital, a company wholly owned by Mr. Wong Chau Chi and he was the sole shareholder and director of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital

All the interests disclosed above represent long positions in the shares of the Company. Save as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions, whether beneficial or non-beneficial, in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at the Latest Practicable Date as required to be recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of substantial shareholders in the Company

As at the Latest Practicable Date, the register of the Company's substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors or chief executives of the Company, the following shareholders of the Company had notified the Company of the relevant interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation.

Name of Shareholder	Capacity/nature of interest	Number of ordinary shares *(Note 1)*	Approximate percentage of interest
Chi Capital Holdings Limited	Beneficial owner *(Note 2)*	155,857,838(L)	16.92%

Notes:

1. The letter "L" denotes the persons' long positions in the shares of the Company.

2. These Shares are registered under the name of Chi Capital, a company wholly owned by Mr. Wong Chau Chi, a Director of the Company, and he was the sole shareholder and director of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital.

Save as disclosed above, so far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or a chief executive of the Company) had or deemed or taken to have an interest or a short position in any shares, underlying shares or debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital.

Interests of experts in the Group

None of the experts named in the paragraph headed “Qualification of experts” in this appendix has any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

Interests in assets, contracts or arrangements

None of the Directors or experts named in the paragraph headed “Qualification of experts” in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up, and none of the Directors has any interests in contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group taken as a whole.

Service contracts

There is no existing or proposed service contract between any member of the Group and any Director or proposed Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

MATERIAL CONTRACTS

Save for the Underwriting Agreement, the Chi Sub-underwriting Letter and the Sale and Purchase Agreement, no contracts (not being contracts entered into in the ordinary course of business) have been entered into by any member of the Group within the two years preceding the date of the Announcement which are or may be material.

MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2013 (being the date to which the latest published audited financial statements of the Company were made up).

LITIGATION

Neither the Company nor any of its Subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

QUALIFICATION OF EXPERTS

The qualifications of the experts who have given opinions in this circular are as follows:

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants, Hong Kong
Veda Capital Limited	a licensed corporation under the SFO licensed to conduct Type 6 (advising on corporate finance) of the regulated activities under the SFO

CONSENTS

The experts named in the paragraph headed "Qualification of experts" in this appendix have given and have not withdrawn their respective written consents to the issue of this circular with copies of their reports, valuation or letters (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

GENERAL

(a) The English text of this circular shall prevail over the Chinese text.

(b) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, legal and accounting fees, are estimated to be approximately HK$6.9 million and will be payable by the Company.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Unit 1211, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Cyberport, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. from 16 June 2014 up to and including 2 July 2014, being the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of Chi Capital;

(c) the annual reports of the Company for the two years ended 31 December 2013;

(d) the letter from the Independent Financial Adviser;

(e) the letter from the Independent Board Committee;

(f) the accountants' report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this circular;

(g) the Underwriting Agreement;

(h) the Chi Sub-underwriting Letter;

(i) the Sale and Purchase Agreement; and

(j) the written consents referred to in the paragraph headed "Consents" in this appendix.

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 IS HEREBY GIVEN that an extraordinary general meeting of the above mentioned company (the "**Company**") will be held at President Room, The American Club, Floor 48, Exchange Square Two, Central, Hong Kong on 2 July 2014 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the Rights Issue (as defined in the circular dated 16 June 2014 of the Company (the "**Circular**"), a copy of which marked "A" has been submitted to the meeting and signed by the Chairman for the purpose of identification) and the Bonus Issue (as defined in the Circular) be and are hereby approved and any one or more Directors be and is/are hereby authorized to do all such acts and things, to sign and execute all such further documents and to take such steps as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue and/or Bonus Issue or any transactions contemplated thereunder, provided that any actions or steps authorized by this resolution are limited to administrative matters ancillary to the implementation of the Rights Issue and the Bonus Issue;

(b) the underwriting agreement dated 4 April 2013 between inter alia, the Company and Chi Capital Holdings Limited ("**Chi Capital**"), a copy of which marked "B" is produced to the meeting and signed by the Chairman for the purpose of identification, whereby Chi Capital agrees to take up its and its associates' entitlement in full under the Rights Issue and to underwrite up to 843,706,112 Rights Shares under the Rights Issue (the "Underwriting Agreement") be and is hereby approved, confirmed and ratified and the directors of the Company be and are hereby authorised to implement the transactions contemplated by the Underwriting Agreement;

(c) subject to the passing of each of the ordinary resolutions (a) and (b) as set out in the notice convening this meeting, the absence of arrangements for application for the Rights Shares by the Qualifying Shareholders in excess of their entitlements under the Rights Issue as referred to in Rule 7.26A of the Listing Rules (as defined in the Circular) be and is hereby approved."

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

Hong Kong, 16 June 2014

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

Principal place of business in Hong Kong:
Unit 1211, Level 12, Core F
Cyberport 3
100 Cyberport Road,
Cyberport
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 16 June 2014.