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)

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION ACQUISITION OF 79% INTEREST IN CHI VISION;

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

AND

(III) 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 10:00 a.m. on Friday, 23 January 2015 at The American Club, Floor 48, Exchange Square Two, Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to be present at the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof. The completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

The completion of the Acquisition is subject to the fulfillment of various conditions precedents and may or may not proceed to the completion. Accordingly, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate is set out on pages 49 to 78 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate is set out on pages 47 to 48 of this circular.

31 December 2014

CONTENT PAGE

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

"Acquisition"	:	the transactions contemplated under the Sale and Purchase Agreement
"Aggregate Beneficial Interest"	:	the aggregate shareholding interest to be held by the such holder(s) of the Convertible Notes or LA Convertible Notes (as the case may be) in the Company as a result of such conversion, together with the shareholding interest in the Company held by parties acting in concert with it
"Announcements"	:	the announcements of the Company dated 23 May 2014, 26 May 2014, 23 June 2014, 31 July 2014, 15 September 2014, 14 October 2014, 16 November 2014, 2 December 2014 and 22 December 2014 relating to, among other things, a proposed very substantial acquisition by the Group
"associate(s)"	:	has the meaning ascribed to it under the Listing Rules
"Board"	:	the board of Directors
"Bonus Issue"	:	the bonus issue conducted by the Company in July 2014, as disclosed in the circular and prospectus of the Company dated 16 June 2014 and 10 July 2014 respectively
"Business Day"	:	any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
"CCA"	:	Chi Capital Advisers Ltd
"Chi Capital"	:	Chi Capital Holdings Limited, a company incorporated under the laws of British Virgin Islands with limited liability and a substantial Shareholder, 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
"Chi Vision"	:	Chi Vision USA Corporation (formerly known as Chi Vision USA, Inc.), a company established in Delaware, US with limited liability and is owned as to 20% by NYBB and 80% by Chi Capital as at the Latest Practicable Date

"CMMB"	:	China Mobile Multimedia Broadcasting, a digital mobile multimedia technology developed by and currently commercially deployed in China under the SARFT. It can deliver digital mobile television and multimedia contents via both terrestrial and satellite networks directly to mobile and wireless devices such as smartphone, tablet, pocket television, lap-tops, automobile digital receivers and personal media player that are equipped with a CMMB—enabled chipset. Its broadcast oriented delivery can render data contents to be received anytime anywhere with enormous scale and cost efficiency and encounter no traffic interruption or bandwidth squeeze typical of today's unicast-based cellular network. The signals can be received over 350 kilometer/hour without distortion. The technology is also known as sTiMi ("Satellite and Terrestrial Interactive Mobile Infrastructure")
"CMMB Vision USA"	:	CMMB Vision USA Inc. (formerly known as CMMB Vision (USA) Inc.), a non-wholly owned Subsidiary of the Company
"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
"Completion"	:	the completion of the Acquisition
"connected person(s)"	:	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	:	has the meaning ascribed thereto under the Listing Rules
"Conversion Price Adjustment"	:	the adjustment of the conversion price of the Convertible Notes from the initial conversion price of HK$0.15 to HK$0.10 per Share upon issue (assuming that there are no other adjustments to the conversion price of the Convertible Note) as a result of the completion of the Rights Issue and the Bonus Issue in July 2014, as disclosed in the circular and prospectus of the Company dated 16 June 2014 and 10 July 2014 respectively
"Conversion Shares"	:	the maximum of 3,035,751,374 new Shares (subject to adjustment) to be issued by the Company pursuant to the exercise of the conversion rights attached to the Convertible Notes and/or the LA Convertible Notes

"Conversion Threshold"	:	the maximum amount of Conversions Share which can be issued upon conversion of the Convertible Notes and the LA Convertible Notes under the terms and conditions of Convertible Notes and the LA Convertible Notes as described in the sub-section headed "Very Substantial Acquisition and Connected Transaction — The Convertible Notes" in this circular
"Convertible Notes"	:	the notes with a total principal amount of US$38,000,000 to be issued by the Company to Chi Capital as part of consideration for the Acquisition under the Sale and Purchase Agreement, convertible into the Shares at HK$0.10 per Share (as adjusted by the Conversion Price Adjustment and subject to further adjustment)
"Deshen"	:	Deshen (Beijing) Interactive Media Co., Ltd
"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 Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate
"Enlarged Group"	:	the Group as enlarged by the Acquisition
"Existing Convertible Notes"	:	Hong Kong dollar denominated convertible notes in the principal amount of HK$45,785,596 issued by the Company to Chi Capital on 14 September 2012
"FCC"	:	the US Federal Communications Commission
"FCC Authorizations"	:	authorization by the FCC to use specific UHF television spectrum for broadcasting in the US
"Fuxue"	:	Fuxue (Beijing) Media Co., Ltd
"Group"	:	the Company and its Subsidiaries
"GTI"	:	Global Technology International Limited
"HK$"	:	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	:	the Hong Kong Special Administrative Region of the PRC

"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 (i) the term of the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate
"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 (i) the term of the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate
"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 (x) the Sale and Purchase Agreement; (y) the Acquisition; and/or (z) the Specific Mandate
"IP Data"	:	as defined in the sub-section headed "Management discussion and analysis of the Group for the six months ended 30 June 2014" in Appendix III to this circular
"LA Convertible Notes"	:	the convertible notes with a total principal amount of US$5,300,000 to be issued by the Company to Chi Capital as part of consideration for the Acquisition pursuant to the Supplemental Agreement, convertible into the Shares at the initial conversion price of HK$0.473 per Share
"LA Lease Agreement"	:	as defined in the sub-section headed "General Information on Chi Vision — Information on the Television Stations" in this circular
"LA MOU"	:	as defined in the sub-section headed "General Information on Chi Vision — The LA MOU" in this circular
"LA Station"	:	as defined in the sub-section headed "General Information on Chi Vision — The LA MOU" in this circular
"Latest Practicable Date"	:	29 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

"Lease Agreement"	:	as defined in the sub-section headed "General Information on Chi Vision — Information on the Television Stations" in this circular
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange
"MHz"	:	mega hertz
"Minimum Public Float"	:	the minimum public float requirement under Rule 8.08 of the Listing Rules
"MOUs"	:	the several memoranda of understanding entered into by the Group and NYBB as disclosed in the announcements of the Company dated 5 September 2013 and 3 October 2013, 6 November and 15 November 2013
"NGB-W"	:	next generation broadband wireless
"NYBB"	:	New York Broadband Holding Ltd., a company incorporated under the laws of Delaware, US
"NY Spectrum"	:	New York Spectrum Holdings Inc., a limited liability company incorporated in Delaware, US
"OFDM"	:	Orthogonal frequency-division multiplexing
"PRC" or "China"	:	the People's Republic of China
"Pre-emption Right"	:	as defined in the sub-section headed "Very Substantial Acquisition and Connected Transaction — The Convertible Notes" in this circular
"President Securities"	:	President Securities (Hong Kong) Limited
"Rights Issue"	:	the rights issue conducted by the Company in July 2014, as disclosed in the circular and prospectus of the Company dated 16 June 2014 and 10 July 2014 respectively
"RMB"	:	Renminbi, the lawful currency of PRC
"Sale and Purchase Agreement"	:	the sale and purchase agreement dated 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, as amended and supplemented by the Supplemental Agreement

"Sale Share(s)"	:	as defined in the sub-section headed "Management discussion and analysis of the Group for the year ended 31 December 2011" in Appendix III to this circular
"SARFT"	:	the State Administration of Radio, Film, and Television (國家廣播電影電視總局) of the PRC
"SFO"	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	:	Ordinary share(s) of HK$0.10 each in the authorised share capital of the Company
"Shareholder(s)"	:	holder(s) of the Share(s)
"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 Sale Agreement"	:	as defined in the sub-section headed "Management discussion and analysis of the Group for the year ended 31 December 2011" in Appendix III to this circular
"Specific Mandate"	:	a specific mandate to be considered and, if thought fit, granted by the Shareholders to the Board to issue the Conversion Shares upon the conversion of the Convertible Notes and LA Convertible Notes
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Subsidiaries"	:	has the meaning given to the term "subsidiary" in section 15 of the Companies Ordinance
"Supplemental Agreement"	:	a supplemental agreement dated 14 October 2014 entered into between the Company as the purchaser and Chi Capital as the seller to amend and supplement the Sale and Purchase Agreement to, among other things, include the LA Station as part of the subject matter of the Acquisition
"Takeovers Code"	:	The Codes on Takeovers and Mergers and Share Buy-backs
"Television Stations"	:	as defined in the sub-section headed "General Information on Chi Vision — Information on the Television Stations" in this circular
"TV"	:	television

"UHF"	:	Ultra High Frequency designates the radio frequency range of electromagnetic waves between 300 MHz and 800 MHz, which is the most efficient band used widely to carry broadcast television signals
"US"	:	the United States of America
"US$"	:	US dollar, the lawful currency of US
"Veda Capital"	:	Veda Capital Limited, the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Sale and Purchase Agreement, the Acquisition and the Specific Mandate
"2014 Licenses"	:	the licenses of the Television Stations which are due for renewal in year 2014
"3G"	:	third generation mobile technology
"4G"	:	fourth generation mobile technology
"4G LTE"	:	4G Long Term Evolution
"%"	:	per cent

CMMB VISION HOLDINGS LIMITED
中國移動多媒體廣播控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

Executive Director:
Mr. WONG Chau Chi
Dr. LIU Hui

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

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

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

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

31 December 2014

To the Independent Shareholders

Dear Sir or Madam,

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION — ACQUISITION OF 79% INTEREST IN CHI VISION;

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

AND

(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

As disclosed in the Announcements, 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, which holds the user and operating rights over free-to-air UHF spectrum television stations inclusive of the spectrum usage, broadcasting rights and operating facilities in seven top US metropolitan cities which are Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa.

The purpose for the Acquisition is to integrate and expand the Company's exiting UHF network in New York with the additional key and strategic cities across the US so as to create a much larger spectrum network to enable the delivery of initially free-to-air TV services initially, and next generation CMMB mobile multimedia service eventually, with greater audience coverage, operating efficiencies, and revenue opportunities.

Digital technology and smart devices proliferation have fundamentally shifted consumer behavior for access to and consumption of video, multimedia, and Internet-based contents to from home-based screens to mobile devices, thereby created explosive growth of mobile data traffic. According to an industry white paper issued by CISCO Systems in 2014, global mobile data traffic grew 81 percent in 2013. Global mobile data traffic reached 1.5 exabytes per month at the end of 2013, up from 820 petabytes per month at the end of 2012. Last year's mobile data traffic was nearly 18 times the size of the entire global Internet in 2000. One exabyte of traffic traversed the global Internet in 2000, and in 2013 mobile networks carried nearly 18 exabytes of traffic. Mobile video traffic exceeded 50 percent for the first time in 2012. Mobile video traffic was 53 percent of traffic by the end of 2013. Current mobile traffic is already starting to inundate the conventional unicast-based mobile cellular networks such as 3G and 4G networks, bringing occasional capacity squeeze, mobile delivery bottleneck, and service disruption to mobile users and at the same time driving up data cost for consumers.

CMMB is a new generation delivery network that utilizes broadcasting technology to deliver data via a UHF wireless network to consumer mobile devices with much greater capacity, faster speed, and lower cost and is independent of the conventional cellular network. The Company is a next generation CMMB-based mobile multimedia service provider. It has been developing its New York network into a CMMB-based network and is currently engaging in trial services as part of the development. In the meantime, it is also operating a free-to-air TV service with the New York network to generate revenue and cover operating cost before the CMMB service can contribute revenue.

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 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 Internet-based video and data contents with numerous new revenue opportunities for the Company to increase its profitability. At the same time, it will also expand the Company's existing free-to-air digital television broadcasting platform to multiple markets and larger audiences and allows it to quickly generate revenue with greater economies of scale.

The total consideration for the Acquisition is US$77,480,000 (which is at a 24.56% discount to 79% of the valuation of the Television Stations conducted by Roma Appraisals Limited as disclosed in the valuation report attached hereto as Appendix I), out of which US$34,180,000 will be paid by cash, US$38,000,000 will be satisfied by the issue of the Convertible Notes, and US$5,300,000 will be satisfied by the issue of the LA Convertible Notes.

The conversion price of the Convertible Notes of HK$0.10 (as adjusted by the Conversion Price Adjustment) represents (i) a discount of approximately 7.41% to the closing price of HK$0.108 per Share as quoted on the Stock Exchange on 23 May 2014 (as adjusted by the Stock Exchange); (ii) a discount of approximately 6.89% to an average closing price of HK$0.1074 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 23 May 2014 (as adjusted by the Stock Exchange); (iii) a discount of approximately 6.54% to the average closing price of HK$0.107 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 23 May 2014 (as adjusted by the Stock Exchange); and (iv) a discount of approximately 62.26% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The initial conversion price of the LA Convertible Notes of HK$0.473 represents (i) a premium of 10% to the closing price of HK$0.43 per Share as quoted on the Stock Exchange on 14 October 2014; (ii) a discount of approximately 1.66% to an average closing price of HK$0.481 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 14 October 2014; (iii) a premium of approximately 2.16% to the average closing price of HK$0.463 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 14 October 2014; and (iv) a premium of approximately 78.49% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As certain applicable percentage ratios of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of Chi Vision under Chapter 14 of 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 Sale and Purchase Agreement and the Acquisition constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the Acquisition are subject to the reporting, announcement and the shareholders' approval requirements set out in Chapter 14 of the Listing Rules and the reporting, announcement and the Independent Shareholders' approval requirement under Chapter 14A the Listing Rules.

As part of the consideration for the Acquisition will be satisfied by way of the Company issuing the Convertible Notes and LA Convertible Notes, the Company will seek the grant of the Specific Mandate from the Independent Shareholders to allot and issue the Conversion Shares upon the conversion of the Convertible Notes and/or LA Convertible Notes.

The purpose of this circular is:

1. to provide you with further information on the Sale and Purchase Agreement, the Acquisition and the proposed grant of the Specific Mandate;

2. to give you the notice of the EGM;

3. to set out the advice of Veda Capital, the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Acquisition and the Specific Mandate; and

4. to set out the recommendation of the Independent Board Committee to the Independent Shareholders in connection to the Sale and Purchase Agreement, the Acquisition and the Specific Mandate.

The completion of the Acquisition is subject to the fulfillment of various conditions precedents and may or may not proceed to the completion. The relevant capital leases for the Television Stations, being the major asset of Chi Vision, have the initial terms of 25 years, while the licenses of the Television Stations are subject to renewal from time to time during the term of the lease, with four of these licenses due for renewal within year 2014 (all of which have been renewed as at the Latest Practicable Date).

We cannot assure you that any of the licenses for any of the Television Stations will be duly renewed in the future. Please refer to the section headed "General Information on Chi Vision — Licenses" in this circular for further details. Accordingly, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

A. ***The Sale and Purchase Agreement***

The major terms of the Sale and Purchase Agreement, the Convertible Notes and the LA Convertible Notes to be issued thereunder are summarized below:

I. *The Sale and Purchase Agreement*

Date of the Sale and Purchase Agreement	:	23 May 2014, 14 October 2014.
Parties	:	(i) Chi Capital as the seller; and (ii) the Company as the purchaser.
Subject Matter	:	Pursuant to the Sale and Purchase Agreement, Chi Capital agreed to sell and the Company agreed to purchase 79% interest of Chi Vision. Upon Completion, Chi Vision will become a non-wholly owned Subsidiary of the Company and its financial results will be consolidated into that of the Group.
Consideration:	:	The total consideration payable to Chi Capital under the Sale and Purchase Agreement is US$77,480,000, which was determined based on arm's length negotiation between the parties thereto taking into account primarily comparable assets in the market.

For the purpose of determining the amount of consideration for the 79% interest in Chi Vision, the Board has taken into account (i) the carrying value of the intangible assets, being television spectrum user rights, owned by CMMB Vision USA which owns four UHF television stations totaling 24 MHz in spectrum bandwidth capable of broadcasting 24 digital channels with a population coverage of 8,175,133 covering New York City of US$23.8 million as at 31 December 2013 and US$23.69 million as at 30 June 2014; (ii) the range of prices of television spectrum per MHz per population covered (i.e. number of people) among the purchases and sales of comparable television spectrum licenses and air-wave in the US market as selected by the independent valuer engaged by the Company as comparable transactions for the purpose of providing its opinion on the valuation of the spectrum user rights owned by Chi Vision, which took place during the period from January 2012 to November 2013, from US$0.34 to US$0.63 per MHz per population covered; (iii) and the additional value created by having a network of the Television Stations covering the population in seven top key US cities.

Payment : **Cash**: US$34,180,000 of the consideration for the Acquisition will be paid by cash, out of which US$8,020,706 would be offset by the deposit paid by the Group to NYBB pursuant to the MOUs, and US$26,159,294 will be payable upon Completion, which will be funded by the proceeds from the Rights Issue.

Convertible Notes: US$38,000,000 of the consideration for the Acquisition will be paid by way of the Company issuing the Convertible Notes with a total principal amount of US$38,000,000, convertible into Shares at the conversion price of HK$0.10 per Share (as adjusted by the Conversion Price Adjustment) upon Completion.

LA Convertible Notes: US$5,300,000 of the consideration for the Acquisition will be paid by way of the Company issuing the LA Convertible Notes with a total principal amount of US$5,300,000, convertible into Shares at the initial conversion price of HK$0.473 per Share upon Completion.

Failure to renew 2014 Licenses	:	In the event that any of the 2014 Licenses are not renewed by the FCC as a result of failure on the part of NY Spectrum and/or NYBB in complying with relevant regulatory requirements, the Company will be entitled to cancel such principal amount of the Convertible Notes held by Chi Capital equivalent to the value of the intangible asset attributable to the relevant Television Station(s) the license of which are not renewed as reported in the valuation report attached hereto as Appendix I, up to 50% of the total principal amount of the Convertible Notes. As at the Latest Practicable Date, all of the 2014 Licenses have been renewed by the FCC.
Failure to renew the license of the LA Station	:	If the license of the LA Station which is due for renewal in December 2014 is not renewed by the FCC as a result of failure on the part of NY Spectrum and/or NYBB in complying with relevant regulatory requirements, the Company will be entitled to cancel (i) such principal amount of the LA Convertible Notes held by Chi Capital equivalent to the value of the intangible asset attributable to the LA Station as reported in the valuation report attached hereto as Appendix I, up to US$5,300,000; and (ii) such principal amount of the Convertible Notes representing the amount of the intangible asset attributable to the LA Station as reported in the valuation report in excess of US$5,300,000 (in addition to any reduction to the principal amount of the Convertible Notes pursuant to the Sale and Purchase Agreement as a result of failure of renewal of the license(s) of any of the other Television Stations). As at the Latest Practicable Date, the license of the LA Station has been renewed by the FCC.
Conditions Precedents	:	Completion of the Sale and Purchase Agreement is conditional upon, (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, attached as Appendix I hereto; (iii) relevant board resolutions, shareholders' approval, regulatory approvals where 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 an 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 respects as of the date of the Completion.

The Company is entitled to waive any of the conditions precedent to the Completion 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. As at the date of this circular, conditions (i), (ii) and (iv) have been fulfilled and conditions (iii) and (v) have not been fulfilled.

II. *The Convertible Notes*

Coupon rate	:	The Convertible Notes are not interest bearing
Total principal amount	:	US$38,000,000
Maturity date	:	Six years from the date of issue of the Convertible Notes. The term of the Convertible Notes is determined by arm's length negotiation between the parties, taking into account the track record of previous convertible notes issued by the Company, the expected time required by the Company to implement its business plans, and the terms of convertible notes issued by other public companies in the market.
Redemption Amount	:	100% of the principal amount.
Conversion Price	:	HK$0.10 per Share (as adjusted by the Conversion Price Adjustment), subject to further adjustments as stated below.

The conversion price of the Convertible Notes of HK$0.10 (as adjusted by the Conversion Price Adjustment) represents (i) a discount of approximately 7.41% to the adjusted closing price of HK$0.108 per Share as quoted on the Stock Exchange on 23 May 2014; (ii) a discount of approximately 6.89% to an average adjusted closing price of HK$0.1074 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 23 May 2014; (iii) a discount of approximately 6.54% to the average adjusted closing price of HK$0.107 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 23 May 2014; and (iv) a discount of approximately 62.26% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Hong Kong dollar equivalent of the principal amount of the Convertible Notes being converted shall be calculated by using the fixed exchange rate of HK$7.76 per US$1.00.

Number of Conversion Shares to be issued	:	Upon full conversion of the Convertible Notes, a maximum of 2,948,800,000 Shares (subject to adjustment) will be issued, representing approximately 78.21% of the issued share capital of the Company as at the Latest Practicable Date and approximately 43.89% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares pursuant to the conversion of the Convertible Notes on a fully diluted basis.
Conversion Restrictions	:	Holders of the Convertible Notes shall not be entitled to exercise the conversion right to convert any part of the outstanding principal amount of the Convertible Notes into new Shares if (i) such conversion will cause the public float of the Company to fall below the Minimum Public Float; or (ii) the Aggregate Beneficial Interest be held by the such holder(s) of the Convertible Notes, to become equal to or exceed 30% of the total Shares in issue or any other threshold which will trigger the obligation on the part of the holder of the Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code (the "**Conversion Threshold**") following such conversion. If (i) the principal amount specified in the conversion notice given by holder(s) of the Convertible Notes to be converted into new Shares will effectively cause the public float of the Company to fall below the Minimum Public Float; or (ii) the Aggregate Beneficial Interest shall be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant Convertible Notes triggering the obligation on the part of the holder of the Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code, the Company shall only be obliged to convert such principal amount of the Convertible Notes to the extent that such conversion will not result in (i) the public float of the Company to fall below the Minimum Public Float; or (ii) the Aggregate Beneficial Interest becoming equal to or exceeding the Conversion Threshold, respectively.
Transferability	:	Until and unless the 2014 Licenses are duly renewed, Chi Capital is not entitled to transfer or dispose of more than 50% of the outstanding principal amount of the Convertible Notes or any of its interest in such Convertible Notes. As at the Latest Practicable Date, the 2014 Licenses have been duly renewed. The Convertible Notes are not transferable unless with the prior written consent by the Company, which consent shall not be unreasonably withheld by the Company.

Adjustment of conversion price	:	The conversion price of HK$0.10 (as adjusted by the Conversion Price Adjustment) per Share is subject to further adjustments in the case of the following customary anti-dilution events, (i) free distribution of shares, subdivisions, consolidations or reclassification of shares, (ii) stock dividends, (iii) certain grant, offer or issue of options, rights or warrants or convertible or exchangeable securities; (iv) capital distributions including indebtedness, certain assets or shares of capital stock of the Company or certain other securities; (v) capitalization of profits or reserves; and (vi) issue of Shares for cash or as consideration for acquisition of assets at an issue price which is less than the then market price of the Shares. As disclosed in the circular and prospectus of the Company dated 16 June 2014 and 10 July 2014, respectively, the initial conversion price of the Convertible Notes of HK$0.15 per Share has been adjusted by the Conversion Price Adjustment to HK$0.10 per Share upon issue. The Company will make an announcement when there is any further adjustment to the conversion price of the Convertible Notes.
Voting right	:	Holder(s) of the Convertible Notes will not carry voting rights at any shareholders meetings of the Company by reason only of being holder(s) of the Convertible Notes.
Redemption	:	The outstanding Convertible Notes may be redeemed by the Company at anytime from the date of issue to the Maturity Date at the principal amount.
Restrictive Covenants	:	So long as 50% of the original principal amount of the Convertible Notes remains outstanding, the Company will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any encumbrance upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness, or any guarantee or indemnity in respect of any relevant indebtedness, without at the same time or prior thereto according to holders of the Convertible Notes the same security as is created or subsisting to secure any such relevant indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by the holder of the Convertible Notes.

Pre-emption Rights	:	The Company has undertaken to Chi Capital that, amongst other matters, subject to compliance with the relevant rules and regulations, including provisions of the Listing Rules, for so long as 50% of the original principal amount of the Convertible Note remains outstanding, if the Company proposes to issue any equity securities, Chi Capital shall have the right ("**Pre-emption Right**") of first refusal to subscribe for up to such portion of the new equity securities as would allow Chi Capital to maintain the same level of shareholding in the Company on a fully diluted and as-converted basis as at the date when offered to exercise such Pre-emption Right.
Event of Default	:	The holder of the Convertible Notes may give notice to the Company that the Convertible Notes are, and they shall on the giving of such notice immediately become, due and payable at their principal amount and all other sums payable under the Convertible Notes if: (i) the Company fails to pay any principal amount in respect of the Convertible Notes when due, unless non-payment of such amount is due to administrative or technical error and payment is made within business days of the due date thereof; or (ii) the Company defaults in the performance or observance of or compliance with any of its other obligations set out in the instrument of the constituting the Convertible Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 14 days after notice of the occurrence of such default by the holder of the Convertible Notes; or (iii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major Subsidiaries (and, where any such appointment is made in relation to a major Subsidiary, the appointment is not discharged within 14 days of it being made); or

(iv) the Company or any of its major Subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its major Subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major Subsidiaries (and, where any such appointment is made in relation to a major Subsidiary, the appointment is not discharged or withdrawn within 14 days of it being made) or takes any proceeding under any law for a readjustment or deferment of its respective obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its respective creditors; or

(v) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its major Subsidiaries (and where any such petition, proceeding or order is presented, commenced or made in relation to a major Subsidiary, such petition, proceeding or order is not set aside or withdrawn within 14 days of it being filed, commenced or made), except in the case of winding-up of any Subsidiaries of the Company in the course of internal reorganisation without involving insolvency; or

(vi) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its major Subsidiaries (and, in the case of a major Subsidiary, is not lifted within 14 days of it being agreed or declared) or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its major Subsidiaries; or

(vii) the Shares cease to be listed on the Stock Exchange; or

(viii) there is a Change of Control event occurs, where a "Change of Control" occurs when (i) any person or persons acting together, other than Chi Capital and parties acting in concert with it, acquires Control of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person or persons, acting together.

		For the purpose of the definition of "Change of Control", "Control" means (i) the direct or indirect ownership or control of more than 50% of the outstanding voting securities of the Company; (ii) the ability to appoint or remove more than one-third of the directors of the board (or equivalent governing body) of the Company; (iii) the right to control the votes at a meeting of the board of directors (or equivalent governing body) of the Company; or (iv) the ability to direct or cause the direction of the management and policies of the Company (whether by contract or howsoever arising).
Consequence of Default	:	Following the occurrence of an Event of Default (as specified above), the holders of the Convertible Notes will have the right, at the options of such holder of Convertible Notes, to require the Company to immediately redeem all of such holder's Convertible Notes at an amount equal to the higher of (i) 130% of the principal amount outstanding of the Convertible Notes to be redeemed; and (ii) 110% of the fair market value of the Convertible Notes.

III. *The LA Convertible Notes*

The terms and conditions of the LA Convertible Notes are identical to that of the Convertible Notes as disclosed above in the sub-section headed "Very Substantial Acquisition and Connected Transaction — The Convertible Notes" in this circular, except that the LA Convertible Notes shall be convertible into Shares at the initial conversion price of HK$0.473 per Share.

The initial conversion price of the LA Convertible Notes of HK$0.473 represents (i) a premium of 10% to the closing price of HK$0.43 per Share as quoted on the Stock Exchange on 14 October 2014; (ii) a discount of approximately 1.66% to an average closing price of HK$0.481 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 14 October 2014; (iii) a premium of approximately 2.16% to the average closing price of HK$0.463 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 14 October 2014; and (iv) a premium of approximately 78.49% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Upon full conversion of the LA Convertible Notes, a maximum of 86,951,374 Shares (subject to adjustment) will be issued, representing approximately 2.31% of the issued share capital of the Company as at the Latest Practicable Date and approximately 2.25% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares pursuant to the conversion of the LA Convertible Notes on a fully diluted basis.

Similar to the conversion restrictions on the Convertible Notes as disclosed in the sub-section headed "Very Substantial Acquisition and Connected Transaction — The Convertible Notes" in this circular, holder(s) of the LA Convertible Notes shall not be entitled to exercise the conversion right to convert any part of the outstanding principal amount of the LA Convertible Notes into new Shares if (i) such conversion will cause the Minimum Public Float; or (ii) the Aggregate Beneficial Interest to be held by the such holder(s) of the LA Convertible Notes in the Company as a result of such conversion to become equal to or exceed the Conversion Threshold following such conversion.

If (i) the principal amount specified in the conversion notice given by holder(s) of the LA Convertible Notes to be converted into new Shares will effectively cause the public float of the Company to fall below the Minimum Public Float; or (ii) the Aggregate Beneficial Interest shall be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant LA Convertible Notes triggering the obligation on the part of the holder of the LA Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code, the Company shall only be obliged to convert such principal amount of the LA Convertible Notes to the extent that such conversion will not result in (i) the public float of the Company to fall below the Minimum Public Float; or (ii) the Aggregate Beneficial Interest becoming equal to or exceeding the Conversion Threshold, respectively.

B. ***Reason for and Benefits of the Acquisition***

The Company is a next generation mobile multimedia broadcasting service provider. It pioneers mobile broadcasting technology, CMMB, and deploys it on UHF television broadcasting network to deliver internet-based multimedia and entertainments to the mass market just like the unicast-based cellular 3G/4G mobile network but with far greater efficiency and economies of scale. It is developing a CMMB-based network in the US with the UHF network it has in New York, and in the meantime it is operating a traditional free-to-air TV service with the New York network for immediate revenue to help cover operating costs before the CMMB service could start bringing in revenue. Mobile TV and multimedia delivery service are highly complementary and a natural extension to the traditional free-to-air "fixed" TV. The Company's strategy is to start with the US market first, the media capital of the world, and then hone in the knowhow there to deploy similar services globally.

The Board believes the Acquisition will offer the following benefits to the Group from a strategic point of view:

I. *Commercialization of CMMB in the US Market*

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

Combined with the exclusive international development and licensing rights of CMMB technology outside the PRC owned by the Group, the proposed Acquisition will enable the Company to provide a much larger and scalable platform across the US to deploy and operate CMMB services in the cities where the Television Stations are located.

II. *Paving the Way for CMMB Globalization*

The deployment of CMMB in the US with such a scale will also validate the CMMB technology as an internationally adopted technology and allow the Company to use the US market as the foundation for global technology transfer and deployment.

III. *Expanding Terrestrial TV Broadcasting Service into Seven Top US Metropolitan Cities:*

The Acquisition will also integrate and expand the Company's exiting UHF network in New York with the additional key and strategic cities across the US, namely, Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa, which are ready to generate revenue upon completion of the Acquisition and allow the Company to have greater operating efficiencies and economies of scale. In addition, the network will provide terrestrial TV coverage that complements CMMB mobile coverage and help the Company jump-start a multimedia content aggregation platform.

The Group's existing New York television station operations

The Company has acquired the user rights of four New York UHF television stations through the acquisition of 51% CMMB Vision USA in late 2011, and has been utilizing the facilities to broadcast free-to-air digital television services to the public while at the same time mounting a CMMB-based mobile broadcasting trial network to deliver multimedia services for the New York area. For the year ended 31 December 2012, which was the year when the Company completed the acquisition of the user rights of the four New York UHF television stations, the Company recorded a consolidated net loss attributable to owners of the Company of US$9,900,497. Such loss was primarily attributable to the following one-off and non-recurring items: impairment loss on the intangible assets in respect of CMMB technology of US$1,334,185, loss of acquisition of intangible assets of US$4,861,135 and share-based payment expenses of US$1,677,690. Since the acquisition of the user rights of the four New York UHF television stations, the Group has been pursuing opportunities arising from the free-to-air TV broadcasting in US. The Group returned to profitability for the year ended 31 December 2013, with a net profit attributable to owners of the Company of US$212,481. The Company considers such acquisitions to be long-term investments of the Group. While the said acquisitions did not immediately result in a drastic improvement in the Group's financial performance, the Board believes that as they will provide the necessary infrastructure and platform for the Company to conduct the traditional free-to-air TV and mobile multimedia services in the future, the acquisitions of television stations will open up new sources of revenue which are not previously available to the Group.

The current Acquisition under contemplation will add seven more UHF television stations in each of the top seven US metropolitan cities, which are Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa. In particular, Los Angeles is the second largest city and the city with the largest ethnic population in the US with approximately 17 million of population, the inclusion of the LA Station will enlarge the coverage of the Group's television network and enhance the diversity for service, thereby greatly enhance the value of the Group's network of television stations in the US as a whole. The acquired assets represent a much larger collection of UHF spectrum usage and network infrastructure in multiple US top markets to expand the Company's New York based business. While the nature of the assets are the same and business models in relation to the utilization of these assets will be the same, the Company considers that the increase in the number of television stations in the network will enhance the value of the Group through economy of scale and product offering in the follow aspects:

1. *Full services to customers*

Our audiences focus on Chinese located in the US. Our New York TV stations together with the seven more UHF television stations will give the coverage of the Group's television network to a very significant Chinese population in US, hence enabling us to appeal to our target customers, being television programming broadcasters based in China which would use our service to broadcast their programming in the top US metropolitan cities, by offering such large coverage.

2. *Programming costs*

In the event that we utilizes the television stations to broadcast television programs (as opposed to selling air-time to television programming broadcasters), a larger number of televisions in the network will enhance our bargaining power against content providers and reduce the our average cost of programming.

3. *Marketing activities*

We have a strong marketing team for promotion of our broadcasting services to the television broadcasting providers. With the seven more UHF television stations in the top metropolitan cities, the Group will have more flexibility in packaging its product offering to meet individual customers' expectation and needs. The average marketing and promotion cost per television stations can also be lowered by the introduction of more television stations in the network.

The Acquisition, when combined with the Company's New York TV platform, will give the Group a strategically important wireless spectrum network covering the top eight cities and approximately 30% TV households in the US, the world's largest media market. The network is expected to initially operate as a free-to-air TV broadcasting network. Free-to-air TV broadcasting is delivery of TV programs through the open public wireless UHF airwave receivable by any household TV sets with the standard TV antennae. The services broadcast signals in clear (unencrypted) form, allowing any person with the appropriate receiving equipment to receive the signal and view or listen to the content without having to pay for subscription or other ongoing or one-off fee to the operator. Generally, free-to-air TV broadcasting programs are carried on terrestrial UHF radio signals and received with an antenna.

Revenues of a TV station are mainly derived from sub-channel leasing by program operators and selling of airtime for advertising.

Channel leasing is for programmers who want to air their programs to the public and rent a whole TV channel by paying a fixed fee or through advertising revenue-sharing on the programs or a combination of both.

Revenue derived from advertising is generated from a TV stations selling airtime for advertising in between regular programming, typically measured in 20 - 30 second per time slot. Buyers or customers of the airtime are typically advertisers, merchandisers, PR firms, and industry groups and other organizations.

The cost for the TV station will generally comprise spectrum licensing cost, broadcasting equipment maintenance and depreciation, overheads such as broadcasting engineers and supervisors and utilities, which are relatively fixed, and other administrative and general expenses. Suppliers for a TV station service include suppliers of TV equipment and maintenance service providers.

Future Plans

As the next step, the network is expected to eventually be transformed into a next generation mobile multimedia network. Such network will need to adopt the Company's CMMB mobile technology platform, one of which is being developed in New York and is in trial phase. Next generation mobile multimedia network service refers to the delivery of TV programming as well as Internet-based video services and digital data contents and services to multiple consumer mobile terminals other than the traditional home TV sets such as smartphones, tablets and computers, portable TV sets, etc. which are mobile broadcast reception enabled. By way of analogy, such service is like equipping a cable or internet protocol television set-top box into consumer devices to perform media and data services streaming and downloading.

The Company's future business plans in respect of the Television Stations and its CMMB business are as follows:

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

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

3. Partner with US domestic mobile operators and Internet content providers to access existing customer franchise and speed up the deployment and commercialization of the CMMB services in New York and in the seven cities in which the Television Stations are located.

4. Build up trial network in Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa and prepare for commercial network in these cities, in addition to New York, to validate technology solutions and business models as a way to pave for nationwide deployment.

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

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

Due to its mobile capability, mobile multimedia service can effectively target customers anytime anywhere with highly tailored programming and services. Unlike traditional free-to-air broadcasting, revenues can be derived from monthly subscription fee paid by customers, mobile advertising fee paid by advertisers, and leasing fee from content providers who want to lease a particular channel or bandwidth to deliver their programs or services. It can also derive revenue from revenue-sharing for online e-Commerce services. Target customers for such services are typically Internet content providers and advertisers, who want to have proprietary and end-to-end data delivery channels established directly between them and the mobile users away from and complement the public Internet network, which is often very congested with data traffic and does not have enough bandwidth capacity.

To enable mobile multimedia services, a special set of digital broadcasting equipment will be necessary, and a technology protocol that can accommodate mobile TV signals to be received by consumer devices. Consumers would need a mobile broadcast reception enabled device to receive the service, which takes the form of a chip embedded in the device, or an external accessory in which a mobile chip is installed that can be attached to the device. Operating cost for the operator of mobile multimedia services generally comprises network equipment, spectrum licensing, utilities and network maintenance costs and administrative and other expenses.

The network will serve as the first commercial network outside of China with commercial scalability to deploy the groundbreaking NGB-W technology (second generation of CMMB) 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.

The Acquisition will give the Group 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. Also, it will serve as an integral part of the Company's international spectrum acquisition strategy in developing a global and universal mobile network to provide multimedia and data services anytime anywhere to consumers, starting with China, Asia, the US, and eventually globally through unified satellite and terrestrial network infrastructure.

C. ***Shareholding Structure after Completion of the Acquisition and Full Conversion of the Convertible Notes and the LA Convertible Notes***

For illustration purposes, the shareholding structures of the Company before and after the completion of the Acquisition and conversion of the Convertible Notes and the LA Convertible Notes in full (assuming no other issue or repurchase of Shares) are as follows:

Shareholder	Before completion of the Acquisition and conversion of the Existing Convertible Notes		After completion of the Acquisition and full conversion of the Convertible Notes and the LA Convertible Notes but before conversion of the Existing Convertible Notes [1]		After completion of the Acquisition and full conversion of the Convertible Notes, the LA Convertible Notes and the Existing Convertible Notes [1]	
	Number of shares	*%*	*Number of shares*	*%*	*Number of shares*	*%*
Chi Capital	1,103,431,352	29.26%	4,139,182,726	60.81%	4,306,283,441	61.75%
Public	2,667,067,538	70.74%	2,667,067,538	39.19%	2,667,067,538	38.25%
Total	3,770,498,890	100.0%	6,806,250,264	100.0%	6,973,350,979	100.0%

Note:

1. For illustrative purpose only.

The shareholding of the Company after completion of the Acquisition and conversion of the Convertible Notes and the LA Convertible Notes in full and the shareholding after completion of the Acquisition and full conversion of the Convertible Notes, the LA Convertible Notes and the Existing Convertible Notes as set out above is for illustration purpose only. In the event that the Convertible Notes and the LA Convertible Notes were fully converted (before the conversion of the Existing convertible Notes), the Conversion Shares will represent approximately 80.51% of the entire issued share capital of the Company as at the Latest Practicable Date, and approximately 44.60% of the entire issued share capital of the Company as enlarged by the issuance of the Conversion Shares on a fully diluted basis. Nevertheless, pursuant to the terms of the Sale and Purchase Agreement, Chi Capital will only be able to convert the Convertible Notes and/or the LA Convertible Notes to the extent that (i) the public float of the Company would not fall below the Minimum Public Float and (ii) the Aggregate Beneficial Interest will not be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant Convertible Notes and/or LA Convertible Notes triggering the obligation on the part of the holder of the Convertible Notes and/or LA Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code.

D. ***General Information on Chi Vision***

Background

Chi Vision was established in Delaware, US with limited liability. As at the Latest Practicable Date, Chi Vision is owned as to 20% by NYBB and 80% by Chi Capital, and Chi Capital owns an indirect equity interest of 15% in NYBB as a passive investor and at the same time Chi Capital is also a creditor of NYBB. Saved as disclosed above, there is no relationship between NYBB and the Company and its connected persons and NYBB is a third party independent of the Company and its connected persons as at the Latest Practicable Date.

The MOUs

As disclosed in the announcements of the Company dated 5 September 2013, 3 October 2013, 6 November 2013 and 15 November 2013, the Group entered into the MOUs with NYBB in respect of the potential acquisition of certain television stations. Pursuant to the MOUs, the rights and obligations of the MOUs were assignable to provide greater flexibility to both the buyer and the seller, such that the transactions can be conducted by the most suitable buying and selling entities to efficiently cater for new business rationale, regulatory or political conditions which may arise during the process of negotiating the definitive sale and purchase agreement(s) and affect the transaction contemplated under the MOUs.

Pursuant to the MOUs, the Group had paid a total of US$8,020,706 as assignable and refundable deposits to NYBB in order to keep the Television Stations available for the Group's acquisition. Pursuant to the MOUs, the understanding of the parties was that so long as the Group had paid the relevant deposit and such deposit had not been refunded, NYBB should not dispose of the relevant television stations subject to acquisition by the Group. Taking into account that the MOUs were not legally binding, the deposits were refundable, the deposits were paid in increment and separate tranches based on each independent MOU, these deposits were part of normal business dealings for locking up the purchase of the television stations, the Board is of the view that the payment of these deposits were not notifiable transactions nor advances to entity under Listing Rules.

The LA MOU

Reference is also made to the announcement of the Company dated 13 January 2014 regarding a memorandum of understanding (the "**LA MOU**") entered into between the Group and NYBB in respect of the potential acquisition of the television station in Los Angeles, California, the United States, with the station call name KVHD-LD (the "**LA Station**").

Save as disclosed under the sub-sections headed "General Information on Chi Vision — The LA MOU" and "General Information on Chi Vision- Background on NY Spectrum and NYBB" in this circular, all other material terms and conditions of the LA MOU are identical to that of the MOUs, and the terms and conditions of the assignment of the LA MOU described under the sub-section headed "General Information on Chi Vision — Background on NY Spectrum and NYBB" in this circular are identical to that of the assignment of the MOUs by NYBB to Chi Vision described under the sub-section headed "General Information on Chi Vision — Background on NY Spectrum and NYBB" in this circular.

Background on NY Spectrum and NYBB

NY Spectrum has been approved by the FCC for buying and owning television spectrum assets in the US. NY Spectrum is primarily engaged in the business of buying, selling and leasing television spectra in the US. NY Spectrum is owned as to 15% by Chi Capital and 85% by US citizens who are third parties independent of the Company and its connected persons.

NYBB was set up by NY Spectrum to hold and manage the Television Stations for NY Spectrum. Other than carrying out tasks to ensure compliance with all the statutory requirements in respect of television spectrum owned by NY Spectrum, including filing, reporting, license renewal requirements administered by the FCC, NYBB has no business operations.

Taking into account the legal, regulatory, commercial, tax, and cross-border issues and potential risks and liabilities arising from implementing six separate MOUs and one LA MOU with the Company, being a public company listed in Hong Kong, NYBB considered it more efficient and commercially desirable to first assign the MOUs and the LA MOU and transfer the relevant assets to a private company incorporated in the US, which will implement the commercial transactions contemplated under the six MOUs and the LA MOU through one acquisition with the Group.

NYBB considered that Chi Vision, being a private company incorporated in the US and subsidiary of Chi Capital prior to the Completion, would be an appropriate vehicle to implement the MOUs and the LA MOU because Chi Capital has ample media operating business experience, and is a substantial shareholder of the Company and a minority shareholder and creditor of NY Spectrum, which had provided substantial resources comparable to the amount of the total consideration for the acquisition to NY Spectrum to support its operations and development. The resources provided by Chi Capital to NY Spectrum included (i) financial resources in the form of equity, grants, assumption of expenses, payments to third parties, interest free loans, repayable on demand advances, standby credit, letter of guarantee and capital commitment; (ii) technical resources including transfer or licensing of patents, technologies and other products of research and development; (iii) injection of business and operating assets; (iv) sponsorship of promotional campaigns; (v) business development efforts; (vi) other advisory and consultancy services.

Accordingly, in April 2014, NYBB assigned all its rights and obligations under the MOUs to Chi Vision and transferred the relevant assets relating to the acquisitions contemplated under the MOUs to Chi Vision in consideration for Chi Vision allotting and issue shares representing 20% of the issued share capital interest in Chi Vision. In addition, as part of the commercial arrangements between Chi Capital and NY Spectrum, Chi Capital will share 30% of the return on the Convertible Notes with NY

Spectrum, if and when such economic benefit is realized by Chi Capital by way of disposal of the Convertible Notes or exercise of the conversion right attached to the Convertible Notes within a term of five years from the Completion. In addition to the 20% shareholding in Chi Vision and profit sharing provided to NY Spectrum, Chi Capital will provide financial assistance to NY Spectrum for business development and acquisition cost in the range of US$50 million to US$70 million in the coming three years and provide indemnification for any losses and liabilities incurred by NYBB and NY Spectrum that may result from the operation and maintenance of the Television Stations.

In addition, in July 2014, NYBB assigned all its rights and obligations under the LA MOU to Chi Vision and transferred the relevant assets relating to the acquisitions contemplated under the LA MOU to Chi Vision in consideration for Chi Capital sharing 30% of the return on the LA Convertible Notes with NY Spectrum, if and when such economic benefit is realized by Chi Capital by way of disposal of the LA Convertible Notes or exercise of the conversion right attached to the LA Convertible Notes within a term of five years from the Completion. In addition, NYBB is expected to benefit from the increase in value in Chi Vision as a result of the assignment of LA MOU through its 20% interest in Chi Vision as disclosed in the Announcements.

Information on the Television Stations

As at the Latest Practicable Date, Chi Vision holds the user and operating rights and operating assets over seven free-to-air UHF spectrum television stations (the "**Television Stations**") inclusive of the spectrum user rights, network equipment, site leases, broadcasting licenses, business contracts and strategic partnerships pertaining to the operation of the television stations, which it acquired from NYBB. Below is a summary of the Television Stations:

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
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:	4 December 2014 (renewed)
License expiration date:	1 December 2022
Date of transfer to NY Spectrum:	25 June 2013
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:	27 October 2014 (renewed)
License expiration date:	1 August 2022
Date of transfer to NY Spectrum:	20 September 2013
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:	10 December 2014 (renewed)
License expiration date:	1 August 2022
Date of transfer to NY Spectrum:	25 June 2013
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
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
Expiration date of lease agreement with NY Spectrum:	30 April 2039

Station call name:	KVHD-LD
Location:	Los Angeles, California
Spectrum Use:	626 MHz — 632 MHz

Population coverage:	17,206,901
License grant date:	8 December 2014 (renewed)
License expiration date:	1 December 2022
Date of transfer to NY Spectrum:	12 August 2014
Expiration date of lease agreement with NY Spectrum:	30 July 2039

As set out in the above summary, each Television Station is entitled to exclusively use up to six MHz bandwidth of UHF spectrum in the public airwave to broadcasting services in the domiciled city. Typically, for terrestrial free-to-air television service, i.e., television service being received at home or fixed location with antenna, 1 MHz bandwidth can accommodate a one standard definition TV channel to be broadcast. A 6-MHz Station can typically accommodate six standard definition TV channels based on current encoding technology. The same airwave can also be used to broadcast programming to mobile devices by applying different transmission technology, hence making mobile TV and multimedia the next great prospect for future TV broadcasting.

Chi Vision is set up to own and operate the Television Stations by way of leasing channels and/or sale of airtime to broadcasting service providers, television broadcast networks and advertisers to broadcast programs to the public. As part of its business plan, the Company intends to utilize these spectra, in conjunction with CMMB and other advanced broadcast-broadband technologies, to deliver CMMB-based mobile entertainment and data services in the future.

The spectrum capacity and other assets of the Television Stations (except the LA Station) are acquired through a lease agreement with NYBB and NY Spectrum, the parent company of NYBB and a company incorporated in the US which is the holder of the spectrum licenses (the "**Lease Agreement**"). The Lease Agreement stipulated a 25-year leasing term renewable at the option of Chi Vision for a further term of 10 years upon each expiration. Under the Lease Agreement, Chi Vision would make monthly lease payment of a small predetermined nominal amount with the right to renew the lease on the same terms and conditions. Such nominal amount of lease payment is substantially below the market rate of approximately US$20,000 per month per digital channel, which means a theoretical total lease value of US$8.64 million per annum for all of the 36 channels (1 MHz each) of the Television Stations. NY Spectrum shall not sell, give away, donate, assign, transfer, pledge, grant any security interest in or otherwise dispose of, or enter into any option or commitment to do so, all or any material part of the assets subject to the Lease Agreement to any person other than Chi Vision or its assignee without the prior written consent of Chi Vision. Under the applicable accounting policies of the Company, upon Completion, the Lease Agreement will be accounted for as a long-term capital lease of Chi Vision. The Company has been advised by its U.S. legal adviser to the Company that the leases of spectrum licenses under the Lease Agreement comply with applicable local regulations of their respective location. Upon completion of the Acquisition, each of NYBB, being a substantial shareholder of Chi Vision, and NY Spectrum, being the holding company of NYBB, will become a connected person of the Company at a subsidiary level, hence the Lease will constitute a continuing connected transaction of the Company. As each of the applicable percentage ratios in respect of the Lease is less than 1% and the transaction is a connected transaction only because it involves connected persons at the subsidiary level, the Lease will be fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

On 30 July 2014, Chi Vision entered into another lease agreement (the "**LA Lease Agreement**") with NYBB and NY Spectrum to acquire the spectrum capacity and other assets of the LA Station, with a 25-year leasing term renewable at the option of Chi Vision for a further term of 10 years upon each expiration. Under the LA Lease Agreement, Chi Vision would make monthly lease payment of a small nominal amount with the right to renew the lease on the same terms and conditions. Such nominal amount of lease payment is substantially below the market rate of approximately US$20,000 per month per digital channel, representing a theoretical total lease value of US$1,440,000 per annum for all of the six channels (1 MHz each) of the LA Station. Save as disclosed above, the material terms and conditions of the LA Lease Agreement are identical to the Lease Agreement as disclosed above. The Company has been advised by its U.S. legal adviser that the lease of spectrum license under the LA Lease Agreement complies with applicable local regulations of its location.

The date of the grant of licenses in respect of each of the Television Stations set out above indicates the start of operation of the respective Television Stations. As at the Latest Practicable Date, none of NY Spectrum, NYBB or Chi Vision is operating the Television Stations to broadcast any programming and the Television Stations have only been transmitting test signals without any programming and have not generated any revenue or profit for NY Spectrum, NYBB or Chi Vision. Chi Vision is in the process of negotiating with prospective customers the terms of the relevant agreements for their programming to be broadcasted on the relevant channels now owned by Chi Vision.

Licenses

As set out in the above summary, the license for each Television Station, being authorization (the "**FCC Authorizations**") by the FCC, are subject to renewal from time to time. Under the lease agreement between Chi Vision, NY Spectrum and NYBB, NY Spectrum is required to continue to hold the FCC Authorizations and maintain them in good standing, provided that Chi Vision shall be responsible for preparing and providing NY Spectrum with any reports or notices to the FCC deemed necessary or appropriate regarding events affecting the FCC Authorizations that are under the purview or knowledge of Chi Vision. To the best of the knowledge of the Board regarding the US television broadcasting industry, renewal of FCC authorizations, such as the FCC Authorizations, is a matter of the normal course of business of any commercial television station in the US and, provided that the relevant television station has complied with the rules of the FCC during the period in which it is licensed to operate, such renewal will normally be granted after the standard procedures for renewal are followed. 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. In the event that any of the licenses of the Television Stations are not renewed by the FCC as a result of any breach of the lease agreement by NY Spectrum or NYBB, Chi Vision will be entitled to terminate the lease agreement unilaterally, be indemnified of all damages, loss or claims as a result of breach of NY Spectrum's obligations under the lease, and/or make claims against NY Spectrum for losses resulted through legal proceedings. As the legal owners of the FCC Authorizations, in accordance with the rules of the FCC, NY Spectrum has the rights and capacity to lease the FCC Authorizations to Chi Vision. Taking into account that NY Spectrum is contractually obliged to maintain the FCC Authorizations, the Board is of the view that the fact that the FCC Authorizations are subject to renewal does not affect the validity of the term of the lease agreement.

Nature of Business Operation

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

1. *Developing CMMB Network Service*

a. Business Rationale:

i. The spectrum capacity holds the necessary radio frequency for the Company to develop a CMMB-based mobile video and data delivery network tailoring to mobile Internet entertainment in the US. The network development will involve a large amount of work in terms of procurement of network equipment and system integration, which the Company has been arranging with Chinese and US ecosystem vendors.

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

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

b. Network Deployment

i. The Company intends to build out a CMMB network in the cities where the Television Stations are located, each initially as a stand alone broadcasting network, later converging with 3G or 4G LTE operators. It intends to continue to develop commercial markets and roll out to other US cities gradually and eventually nationwide by means of business partnerships and alliances with US media and mobile operators.

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

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

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

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

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

c. Cost Structure

Capital

The expenditures for CMMB network deployment

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

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

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

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

d. Business Model

i. The primary business model is to offer mobile video subscription service to consumers by partnering with over-the-top Internet content service providers. For example, the Company will work with content partners to bundle the top 10 most popular live-TV channels and top 100 daily most downloaded movies, videos, music, digital newspapaers/magazines as a common service package. The package will be routed to our CMMB network and delivered and stored in consumer mobile devices with automatic daily refresh and update. With the service, consumers will simply experience much faster and smoother access of their favorite contents without realizing such contents are already pre-stored in their devices and constantly being renewed through the CMMB network. It is akin to a cable TV service rendered mobile with a mobile set-top box in the form of a chip installed in a mobile device that enables downloading and streaming vast amount of programming and digital contents just like at home but without paying the exorbitant mobile data charge.

ii. By taking into account of the charges of CMMB mobile TV service in China, which is the only market that deploys a commercial CMMB service, and the paid TV charges and mobile data charges in the US market, the Company expects it would be able to charge USD5-8 per subscriber per month for a basic CMMB entertainment service package, and additional pay-per-view revenue depending on service demand in the US market. And through its marketing and content partners the Company expects its subscription service to penetrate up to 3% to 5% mobile population within 3 to 5 years.

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

iv. The Company will also provide wholesale CMMB network capacity with end-to-end user connectivity to mobile carriers to divert their mobile data traffic through the CMMB network for data usage fees. CMMB network represents an alternative end-to-end last-mile content-delivery-network complementing existing mobile cellular network but with a much greater and cost-efficient delivery capacity.

e. FCC Approval

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

ii. Whilst the Company does not anticipate difficulties in obtaining FCC approvals, it would like to stress that as the approval of the application could be subject to various factors and circumstances beyond the Company's control. Please refer to the paragraph headed "Risk Factors relating to the subject matter of the Acquisition — Regulatory Risks" for further details.

iii. In addition, the Company has been actively participating in the US standard making committee ATSC and promoting CMMB and NGB-W to be part of the US next generation standard ATSC 3.0, which if adopted will also render CMMB — based technology and ecosystem adoptable and cross-operable in the US market under future ATSC 3.0 deployment.

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

a. Business Rationale:

i. Chi Vision's spectrum can also be used for traditional free-to-air TV broadcast service immediately and it is already covering over 30 million in population in the US and world's largest media market, which has ample demand media and entertainment services.

ii. The Company already has an existing free-to-air TV service with its New York TV network in parallel to a developing CMMB platform. As prudent business practice, the Company would leverage off its New York experience and capability to deploy a free-to-air service with its TV stations to be acquired in the relevant cities by using a portion of the spectrum to jump-start service and quickly generate revenue for the Company while waiting for its CMMB business to take shape.

b. Business Operation:

i. Through CMMB Vision USA, the Company has contracted China Central Television (CCTV) to broadcast three of its international channels via the Television Stations. This service has already commenced in 2012 with revenue generation. The revenue has been consolidated into the Company since the completion of the acquisition of New York TV station. It demonstrate our Company's experience in managing and operating a TV station in the US and provides the foundation for the Company to develop additional TV stations in other cities in the US.

ii. Building upon the success, the Company is in discussion with other Chinese and international broadcasters for similar TV service arrangement. It intends to eventually build a multi-cultural multi-city TV network for diversified inter-cultural programs, with the acquisition of additional TV stations pursuant to the Acquisition to quickly increase overall revenues.

iii. The terrestrial TV service is also expected to complement the CMMB mobile service in giving additional customer coverage and content support, hence positioning the Company to be a cross-platform service provider to achieve additional economies of scale.

c. Business Model:

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

ii. Currently, CMMB Vision USA already has leasing contract with CCTV to operate three of its international channels in the New York TV Stations and CCTV will make lease payment annually. The lease term is three-year renewable afterwards which has been renewed up to 31 December 2017.

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

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

d. Cost Structure:

i. There is no major capital expenditures anticipated for the traditional TV broadcasting business for the Television Stations as the TV network and service platform is already set up. The broadcast TV service is expected to be run as a supplementary service to the CMMB service.

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

iii. The operating costs for broadcast TV will be mainly station engineer cost, fixed overheads, and administrative, which are estimated to be approximately US$600,000 per annum per Television Station.

e. Competitive Environment:

i. Broadcast TV is a very competitive business in each of cities in which the Television Stations are located. There are several TV stations similar to that of Chi Vision's in each respective city.

ii. The Company believes Chi Vision can compete vividly in the relevant local markets for the following reasons:

(a) It has the one of the most advanced transmission network equipment installed, whereas many other stations are traditional TV networks with old equipment deployed a long time ago, and hence the Company is ahead of competitors in delivering high quality digital as well as high-definition programming.

(b) It has a centralized operating platform to unify service and programming over a much wider audience through its multiple market TV stations and therefore can achieve unparalleled pricing, cost and operating efficiencies that most of the competitors who are simply stand-alone operators cannot compete.

(c) It has the potential of providing the unique converged terrestrial-mobile TV service which the Company is developing through its CMMB platform, which potentially will enable the Company to offer unprecedented and superior TV and multimedia combined service to the multiple screens of viewers anytime anywhere that other traditional TV operators cannot accommodate.

III. *Target Customers and Markets for CMMB Services*

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

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

Free-to-Air Broadcast TV market is mature and developed in the cities in which the Television Stations are located and virtually everyone has access to free-to-air broadcast TV. The Company intends to first attract the relatively large ethnic audience groups such as Chinese, Asian, and Hispanic, which represent a sizable audience in the cities it is acquiring the TV presence, with diverse international and intercultural programs. The Company also believes such programming will also attract some main stream TV audience as an alternative to the mainstream programming and become secondary customer base.

Differences between the business m odel of a CMMB business and that of a traditional free-to-air broadcast television network

The Company is currently operating a free-to-air TV business model with existing TV station infrastructure and expects to operate a CMMB business model with the CMMB network infrastructure being put in place by integrating with existing TV infrastructure.

Service Delivery:

For free-to-air TV business, programs are provided over-the-air using standard TV broadcasting modulation technology transmitted over UHF airwave to the general public, which can receive service with any TV sets with such technology standard antenna and hence the service is free.

For CMMB business, programs (including video, live TV, and Internet-based contents are also delivered over-the-air via UHF airwaves to the general public but using proprietary CMMB mobile digital broadcasting modulation technology, which can only be viewed with CMMB chip installed devices and built-in conditional access encryption, hence the service is not accessible by everyone and fee-paying can be levied.

Infrastructure:

For free-to-air business conventional broadcast TV station such that the Company is acquiring can deliver the service. For CMMB service, special CMMB equipment such as CMMB-based modulator, transmitter, encoder, and antenna will need to be put in place to create special and encrypted signal for delivery receivable by CMMB-enabled devices. Both free-to-air and CMMB systems can operate with the same UHF frequency.

Business Model:

Because free-to-air service is free to anyone with the generic TV receiver, subscription is not possible and therefore the business model is mainly advertising or channel leasing to programmers. For CMMB service as service is restricted to CMMB device with conditional access encryption, similar to a mobile set-top box of Pay-TV, subscription or pay-per-view mechanism can be adopted and hence service is fee-paying. Viewers are willing to pay for that because of the unprecedented mobility convenience with low-cost and high capacity and the contents could be more diversified, i.e., video, audio, and data.

Net asset value and fair value of Chi Vision

Chi Vision was set up in 24 January 2014. As disclosed in Appendix I to this circular, the fair value of the spectrum rights of the Television Stations now owned by Chi Vision was approximately US$130 million as at 23 May 2014. As at 30 June 2014, Chi Vision had no liabilities.

For the period from 24 January 2014 (date of incorporation) to 30 June 2014, the net profits before taxation and extraordinary items attributable to the assets of Chi Vision are nil, and the net profit after taxation and extraordinary items are nil. The original cost incurred by Chi Capital for setting up and owning the 80% interest in Chi Vision is US$60,000.

The Board's assessment on valuation of TV spectrum

The Board has discussed with Roma Appraisals Limited (the "**Valuer**") regarding the valuation of the Television Stations, the valuation methodology related to such valuation and the assumptions adopted as disclosed in the valuation report set out in Appendix I to the Circular. The Board noted that the Valuer has considered three generally accepted valuation methods and adopted the market-based approach after taking specifications of the Television Stations and relevant information available in the market.

Under the Market-Based Approach, the Valuer obtained information regarding the transactions of similar spectra and the corresponding considerations or winning bid prices available in the market, such as the US Federal Communications Commission and other sources in the Internet. As discussed with the Valuer, the nine comparable transactions adopted in the valuation were identified using their best effort, given that not all the transactions of similar spectra are fully disclosed to the public. While these comparable transactions occurred between 30 January 2012 and 7 November 2013, they are the latest available comparable transactions for the purpose fo the Valuer's valuation because there were no appropriate comparable transactions available from 7 November 2013 to date of valuation, i.e. 23 May 2014, being the date of the Sale and Purchase Agreement.

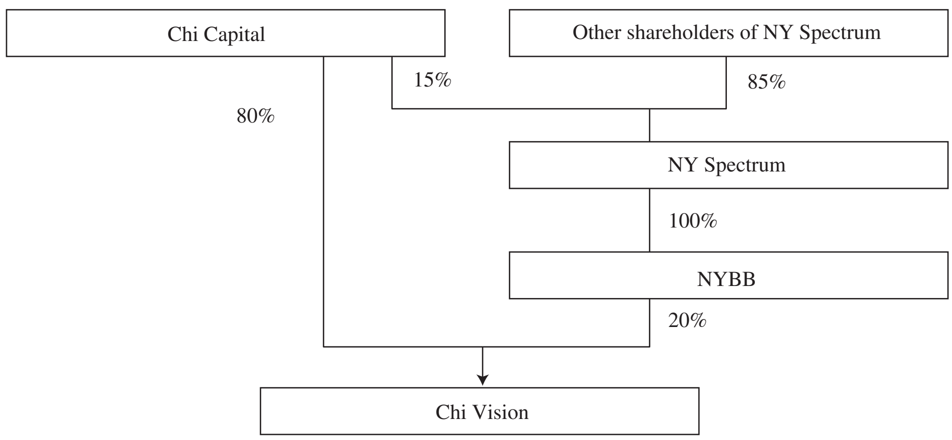
In addition, the Board has also compared the subsequent transactions with reference to (i) the sale of the broadcast assets and FCC licences of three LPTV stations for US$2.1 million as determined by the dollar value metric of US$0.20 to $1.00 ($/MHz-POP) to both the market DMA and projected 51 dBu signal coverage contour population of 1.6 million persons in October 2014; and (ii) the bidding in government auction of airwaves for use in mobile broadband for more than US$34 million for six blocks of airwaves, totaling 65 megahertz of the electromagnetic spectrum in November 2014.

Based on the valuation report and the Board's assessment, the Board concurs with the Valuer's opinion the valuation is a fair representation of the fair value of the relevant television spectrum licenses.

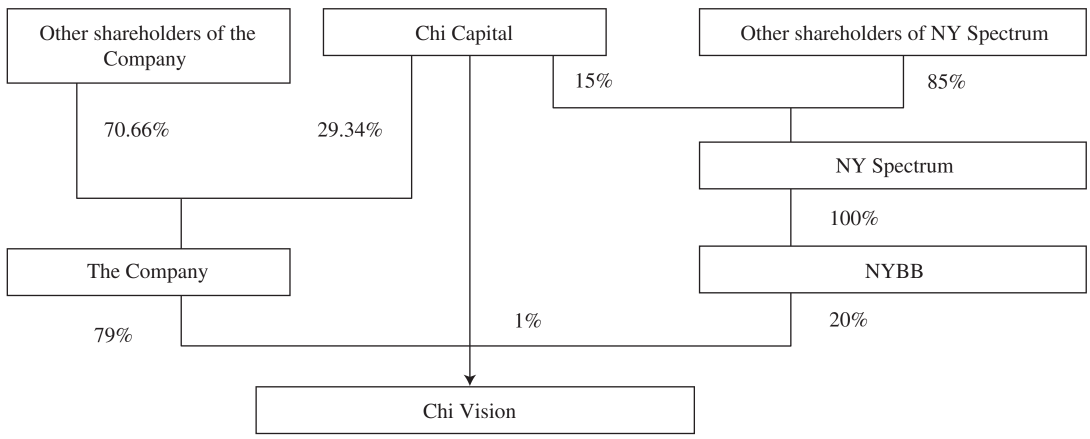
Shareholding structure of Chi Vision

The shareholding structures of Chi Vision before and after the Completion are as follows:

Before the Completion:



After the Completion:



Risk factors relating to the subject matter of the Acquisition

I. **Regulatory Risks:**

Renewal of Licenses: The license for each Television Station is subject to the renewal of FCC's Authorization from time to time. In particular, the licenses for four Television Stations are due for renewal in 2014. All of the applications for the renewal of the 2014 Licenses have been approved by the FCC as at the Latest Practicable Date.

To the best of the knowledge of the Board regarding the US television broadcasting industry, renewal of FCC authorizations, such as the FCC Authorizations, is a matter of the normal course of business of any commercial television station in the US and, provided that the relevant television station has complied with the rules of the FCC during the period in which it is licensed to operate, such renewal will normally be granted after the standard procedures for renewal are followed. However, there is no guarantee that the renewal of FCC Authorization for the license for each Television Station will always be approved in the future.

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

Approval for CMMB: As part of its business plan, the Company intends to utilize the spectra of the Television Stations, in conjunction with CMMB and other advanced broadcast-broadband technologies, to deliver CMMB-based mobile entertainment and data services in the future. However, FCC's approval is required for the deployment of CMMB in the US. There is no guarantee that the FCC approval for the deployment of CMMB will be obtained.

II. **Business Risks:**

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

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

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

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

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

E. ***General 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 of Chi Capital is investment holdings.

As at the Latest Practicable Date, Chi Capital beneficially owned 1,103,431,352 Shares, representing approximately 29.26% of the issued share capital of the Company. Chi Capital also beneficially owned the Existing Convertible Notes, convertible into a total 167,100,715 Shares (subject to adjustment) upon conversion in full. Mr. Wong Chau Chi, as the sole shareholder of Chi Capital, is deemed to be interested in the 1,103,431,352 Shares and the Existing Convertible Notes beneficially owned by Chi Capital under the provisions of Divisions 2 and 3 of Part XV of the SFO.

F. ***General Information on the Group***

The principal business activity of the Group is the development and promotion of CMMB-based multimedia and interactive services. In China, the Group has been the principal developer for the CMMB and NGB-W technology and a value-added service provider in support of SARFT's CMMB services. Outside the PRC, the Group intends to provide turnkey solutions to develop and deploy CMMB-based system, network, business platform to international markets and participates in service operations through local partnerships so as to promote CMMB into an international standard and build a global CMMB franchise.

G. ***Financial Effects of the Acquisition***

Upon Completion, the Company will directly hold 79% of the equity interest of Chi Vision, which will become non-wholly owned Subsidiary of the Company and the results, assets and liabilities of Chi vision will be consolidated into the accounts of the Group.

Set out in Appendix IV to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effects of the Acquisition on the earnings and assets and liabilities of the Group assuming the Completion had taken place on 31 December 2013.

Based on the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this circular, the total assets of the Group would increase by approximately 159% from approximately US$41,687,000 to approximately US$107,959,000 and its total liabilities would increase by approximately 210% from approximately US$13,986,000 to approximately US$43,368,000. Even though for the period ended 31 December 2013, Chi Vision has not yet generated any revenue and profit, the Directors consider that, in view of the synergies with the Group, after the Completion, Chi Vision will contribute to the revenue, earnings base and working capital of the Enlarged Group for reasons set out in part B of this section above. Initially, Chi Vision is expected to generate revenue from its television operations (channel lease income, advertising income) in cities where the Television Stations are located.

H. ***Implications under the Listing Rules***

As certain applicable percentage ratios of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of Chi Vision under Chapter 14 of 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 Sale and Purchase Agreement and the Acquisition thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated under it are subject to the reporting, announcement and the shareholders' approval requirements set out in Chapter 14 of the Listing Rules and the reporting, announcement and the Independent Shareholders' approval requirement under Chapter 14A the Listing Rules.

Pursuant to the Listing Rules, Director Mr. Wong Chau Chi, having a material interest in the Acquisition, has abstained from voting on any board resolutions relating to the Acquisition.

I. *Director and Senior Management*

The Board will retain the responsibility of monitoring and overseeing the corporate management and financial affairs of the Enlarged Group. There is no proposed change to the existing composition of the Board or the senior management of the Group following the Completion.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES

A. *Information on the Convertible Notes and LA Convertible Notes*

Comparison to share capital of the Company	:	As at the Latest Practicable Date, the authorized share capital of the Company was HK$500,000,000.00 comprising 5,000,000,000 Shares with a par value of HK$0.10 each, of which 3,770,498,890 Shares were in issue. If the principal amount of the Convertible Notes and the LA Convertible Notes to be issued to Chi Capital of US$38,000,000 and US$5,300,000 respectively are converted in full, 3,035,751,374 Conversion Shares will be issued, and represents (i) approximately 80.51% of the total number of issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 44.60% of the total number of issued share capital of the Company as enlarged by the issuance of the Conversion Shares on a fully diluted basis. Nevertheless, pursuant to the terms of the Sale and Purchase Agreement, Chi Capital will only be able to convert the Convertible Notes and/or the LA Convertible Notes to the extent that (i) the public float of the Company would not fall below the Minimum Public Float and (ii) the Aggregate Beneficial Interest will not be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant Convertible Notes and/or LA Convertible Notes triggering the obligation on the part of the holder of the Convertible Notes and/or LA Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code.

Price Information	:	**Convertible Notes** — The conversion price of the Convertible Notes of HK$0.10 (as adjusted by the Conversion Price Adjustment) represents (i) a discount of approximately 7.41% to the closing price of HK$0.108 per Share as quoted on the Stock Exchange on 23 May 2014 (as adjusted by the Stock Exchange); (ii) a discount of approximately 6.89% to an average closing price of HK$0.1074 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 23 May 2014 (as adjusted by the Stock Exchange); (iii) a discount of approximately 6.54% to the average closing price of HK$0.107 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 23 May 2014 (as adjusted by the Stock Exchange); and (iv) a discount of approximately 62.26% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date. **LA Convertible Notes** — The initial conversion price of the LA Convertible Notes of HK$0.473 represents (i) a premium of 10% to the closing price of HK$0.43 per Share as quoted on the Stock Exchange on 14 October 2014; (ii) a discount of approximately 1.66% to an average closing price of HK$0.481 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 14 October 2014; (iii) a premium of approximately 2.16% to the average closing price of HK$0.463 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 14 October 2014; and (iv) a premium of approximately 78.49% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.
Ranking	:	Upon issuance, the Conversion Shares will rank pari passu with all the then existing Shares in issue.
Listing	:	No listing of the Convertible Notes or the LA Convertible Notes will be sought on the Stock Exchange or any other stock exchanges. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon the conversion of the Convertible Notes and/or the LA Convertible Notes.

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

As part of the consideration for the Acquisition will be partially satisfied by way of the Company issuing the Convertible Notes and the LA Convertible Notes, the Company will seek the grant of Specific Mandate from the Shareholders.

EGM

Set out in pages EGM-1 to EGM-3 of this circular is the notice to convene and hold the EGM at 10:00 a.m. on Friday, 23 January 2015 at The American Club, Floor 48, Exchange Square Two, Central, Hong Kong. It is proposed that at the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate.

To the knowledge of the Directors having made all reasonable enquiries, (i) Mr. Wong Chau Chi and his associates control or are entitled to exercise control over 1,103,431,352 Shares, representing approximately 29.26% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) no other Shareholders and Directors have any material interest in the Acquisition and are required to abstain from voting at the EGM under the Listing Rules.

Pursuant to the Listing Rules, any shareholder with a material interest in the Acquisition and his close associates will abstain from voting on resolution(s) approving the Acquisition. At the EGM, Mr. Wong Chau Chi and his associates, including Chi Capital, are required to abstain from voting on the ordinary resolutions approving the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate. Voting at the EGM will be conducted by poll.

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

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of (i) the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the Specific Mandate. Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same transaction.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 47 to 48 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate.

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 (i) the Sale and Purchase Agreement; (ii) the Acquisition; (iii) the grant of the Specific Mandate; and (iv) 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 49 to 78 of this circular.

The Board, including the independent non-executive Directors who are members of the Independent Board Committee, is of the opinion that (i) the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate have been entered into on normal commercial terms and are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board, including the independent non-executive Directors who are members of the Independent Board Committee, recommends that the Independent Shareholders vote in favour of the resolutions set out in the notice of the EGM for the approval of the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate.

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)

31 December 2014

To the Independent Shareholders

Dear Sir or Madam,

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION — ACQUISITION OF 79% INTEREST IN CHI VISION;

AND

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

We refer to the letter from the Board set out in the circular dated 31 December 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 (i) the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate and to advise the Independent Shareholders as to the fairness and reasonableness of (i) the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate and to recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the EGM to approve (i) the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate. Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate.

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 (i) the Sale and Purchase Agreement; (ii) the Acquisition; (iii) the grant of the Specific Mandate; and (iv) the principal factors and reasons considered by it in arriving thereat. 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 (i) the terms of the Sale and Purchase Agreement have been entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the grant of the Specific Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolutions to be proposed at the EGM to approve (i) the Sale and Purchase Agreement; (ii) the Acquisition (including the procurement of the Company to issue the Convertible Notes and the LA Convertible Notes); and (iii) the grant of the Specific Mandate.

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 to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智略資本

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

31 December 2014

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

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION — ACQUISITION OF 79% INTEREST IN CHI VISION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the Acquisition, details of which are set out in the circular to the Shareholders dated 31 December 2014 (the "**Circular**"), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 23 May 2014, the Company has entered into the Sale and Purchase Agreement with Chi Capital, which was amended by the Supplemental Agreement dated 14 October 2014, 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, which holds the user and operating rights over free-to-air UHF spectrum television stations inclusive of the spectrum usage, broadcasting rights and operating facilities in seven top US metropolitan cities which are Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa with a coverage over 57 million in population. 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, hence opening up numerous revenue opportunities for the Company to increase its profitability.

As certain applicable percentage ratios of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of Chi Vision under Chapter 14 of 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 Sale and Purchase Agreement and the Acquisition constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the Acquisition are subject to the reporting, announcement and the shareholders' approval requirements set out in Chapter 14 of the Listing Rules and the reporting, announcement and the Independent Shareholders' approval requirement under Chapter 14A the Listing Rules. Pursuant to the Listing Rules, Mr. Wong Chau Chi, having a material interest in the Acquisition, has abstained from voting on any board resolutions relating to the Acquisition.

As part of the consideration for the Acquisition will be satisfied by way of the Company issuing the Convertible Notes and LA Convertible Notes, the Company will seek the grant of the Specific Mandate from the Independent Shareholders to allot and issue the Conversion Shares upon the conversion of the Convertible Notes and/or LA Convertible Notes.

The Independent Board Committee 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 (i) the term of the Sale and Purchase Agreement; (ii) the Acquisition; and (iii) the grant of the Specific Mandate.

As at the Latest Practicable Date, we were not aware of any relationships or interest between Veda Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Veda Capital's independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the undertaking and the transactions contemplated thereunder. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the undertaking and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

Veda Capital, is a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO. Ms. Julisa Fong, the undersigned person of this letter, is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 18 years of experience in investment banking and corporate finance.

BASIS OF OUR OPINION

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. **General information on Chi Vision**

Chi Vision was established in Delaware, US with limited liability. As at the Latest Practicable Date, Chi Vision is owned as to 20% by NYBB and 80% by Chi Capital, and Chi Capital owns an indirect equity interest of 15% in NYBB as a passive investor and at the same time Chi Capital is also a creditor of NYBB. Saved as disclosed above, there is no relationship between NYBB and the Company and its connected persons and NYBB is a third party independent of the Company and its connected persons as at the Latest Practicable Date.

As set out in Appendix IIA to the Circular, Chi Vision has no major assets or operating business, the financial information of Chi Vision as extracted from Appendix IIA to the Circular is as follows:

	From 24 January 2014 (date of incorporation) to 30 June 2014
	US$
Revenue	—
Profit for the period	—

	As at 30 June 2014
	US$
Total equity attributable to owner of Chi Vision	—

As noted from the Board Letter, for the period from 24 January 2014 (date of incorporation) to 30 June 2014, the net profits before taxation and extraordinary items attributable to the assets of Chi Vision are nil, and the net profit after taxation and extraordinary items are nil. The original cost incurred by Chi Capital for setting up and owning the 80% interest in Chi Vision is US$60,000.

The MOUs and the LA MOU

As disclosed in the announcements of the Company dated 5 September 2013, 3 October 2013, 6 November 2013 and 15 November 2013, the Group entered into the MOUs with NYBB in respect of the potential acquisition of certain television stations. Pursuant to the MOUs, the rights and obligations of the MOUs were assignable to provide greater flexibility to both the buyer and the seller, such that the transactions can be conducted by the most suitable buying and selling entities to efficiently cater for new business rationale, regulatory or political conditions which may arise during the process of negotiating the definitive sale and purchase agreement(s) and affect the transaction contemplated under the MOUs.

Reference is also made to the announcement of the Company dated 13 January 2014 regarding the LA MOU entered into between the Group and NYBB in respect of the potential acquisition of the LA Station.

Background on NY Spectrum and NYBB

NY Spectrum has been approved by the FCC for buying and owning television spectrum assets in the US. NY Spectrum is primarily engaged in the business of buying, selling and leasing television spectra in the US. NY Spectrum is owned as to 15% by Chi Capital and 85% by US citizens who are third parties independent of the Company and its connected persons.

NYBB was set up by NY Spectrum to hold and manage the Television Stations for NY Spectrum. Other than carrying out tasks to ensure compliance with all the statutory requirements in respect of television spectrum owned by NY Spectrum, including filing, reporting, license renewal requirements administered by the FCC, NYBB has no business operations.

Taking into account the legal, regulatory, commercial, tax, and cross-border issues and potential risks and liabilities arising from implementing six separate MOUs and one LA MOU with the Company, being a public company listed in Hong Kong, NYBB considered it more efficient and commercially desirable to first assign the MOUs and the LA MOU and transfer the relevant assets to a private company incorporated in the US, which will implement the commercial transactions contemplated under the six MOUs and the LA MOU through one acquisition with the Group.

As advised by the Company, compared to implementing the MOUs and the LA MOU by the Group, which will involve obtaining separately regulatory approvals for the transfer of the television spectrum assets in relation to the seven television stations separately, acquiring the underlying assets through one acquisition is more efficient and commercially desirable from the Company's perspective. Firstly, the Company can save time, costs, paper work and management attention required to obtain the regulatory approval for the transfer of the assets, as now Chi Vision has obtained the necessary regulatory approvals, as well as having obtained all the necessary license renewal as their original terms expired, prior to the completion of the Acquisition. Secondly, by acquiring Chi Vision, whose acquisition of rights in the relevant television spectrum assets have been approved by the relevant regulatory authorities, the Company has greater certainty in the value of the asset being acquired by the Company, as compared to conducting an acquisition of the relevant assets which would be subject to regulatory approval. The acquisition of Chi Vision constitutes a change of control of the entity which owns the television spectrum assets. As confirmed by the Company's legal counsels as to the relevant laws and regulations in the US, since Chi Vision and CMMB Vision USA are both companies incorporated in the US and controlled by foreign shareholders, there is no material regulatory approval required for such change of control. If CMMB Vision USA were to directly acquire the relevant television spectrum assets from NYBB, the procedures for obtaining regulatory approval would have been much more burdensome on the Company. Accordingly, the current structure enables the Company to acquire the relevant television assets in a more efficient manner as compared to the Group directly implementing the MOUs and the LA MOU.

NYBB considered that Chi Vision, being a private company incorporated in the US and subsidiary of Chi Capital prior to the Completion, would be an appropriate vehicle to implement the MOUs and the LA MOU because Chi Capital has ample media operating business experience, and is a substantial shareholder of the Company and a minority shareholder and creditor of NY Spectrum, which had provided substantial resources comparable to the amount of the total consideration for the acquisition to NY Spectrum to support its operations and development. The resources provided by Chi Capital to NY Spectrum included (i) financial resources in the form of equity, grants, assumption of expenses, payments to third parties, interest free loans, repayable on demand advances, standby credit, letter of guarantee and capital commitment; (ii) technical resources including transfer or licensing of patents, technologies and other products of research and development; (iii) injection of business and operating assets; (iv) sponsorship of promotional campaigns; (v) business development efforts; and (vi) other advisory and consultancy services.

Accordingly, in April 2014, NYBB assigned all its rights and obligations under the MOUs to Chi Vision and transferred the relevant assets relating to the acquisitions contemplated under the MOUs to Chi Vision in consideration for Chi Vision allotting and issue shares representing 20% of the issued share capital interest in Chi Vision. In addition, as part of the commercial arrangements between Chi Capital and NY Spectrum, Chi Capital will share 30% of the return on the Convertible Notes with NY Spectrum, if and when such economic benefit is realized by Chi Capital by way of disposal of the Convertible Notes or exercise of the conversion right attached to the Convertible Notes within a term of five years from the Completion. In addition to the 20% shareholding in Chi Vision and profit sharing provided to NY Spectrum, Chi Capital will provide financial assistance to NY Spectrum for business development and acquisition cost in the range of US$50 million to US$70 million in the coming three years and provide indemnification for any losses and liabilities incurred by NYBB and NY Spectrum that may result from the operation and maintenance of the Television Stations.

In addition, in July 2014, NYBB assigned all its rights and obligations under the LA MOU to Chi Vision and transferred the relevant assets relating to the acquisitions contemplated under the LA MOU to Chi Vision in consideration for Chi Capital sharing 30% of the return on the LA Convertible Notes with NY Spectrum, if and when such economic benefit is realized by Chi Capital by way of disposal of the LA Convertible Notes or exercise of the conversion right attached to the LA Convertible Notes within a term of five years from the Completion. In addition, NYBB is expected to benefit from the increase in value in Chi Vision as a result of the assignment of LA MOU through its 20% interest in Chi Vision as disclosed in the Announcements.

Information on the Television Stations

As noted from the Board Letter, as at the Latest Practicable Date, Chi Vision holds the user and operating rights and operating assets over seven free-to-air UHF spectrum Television Stations inclusive of the spectrum user rights, network equipment, site leases, broadcasting licenses, business contracts and strategic partnerships pertaining to the operation of the television stations, which it acquired from NYBB.

As further noted from the Board Letter, the spectrum capacity and other assets of the Television Stations (except the LA Station) are acquired through the Lease Agreement with NYBB and NY Spectrum which is the holder of the spectrum licenses. The Lease Agreement stipulated a 25-year leasing term renewable at the option of Chi Vision for a further term of 10 years upon each expiration. Under the Lease Agreement, Chi Vision would make monthly lease payment of a small predetermined nominal amount of approximately US$100, with the right to renew the lease on the same terms and conditions. Such nominal amount of lease payment is substantially below the market rate of approximately US$20,000 per month per digital channel, which means a theoretical total lease value of US$8.64 million per annum for all of the 36 channels (1 MHz each) of the Television Stations. As advised by the Company, the market rate of approximately US$20,000 per month per digital channel is made reference to the annual leasing rate of approximately US$550,000 for 2 channels offered to China Central Television ("**CCTV**") by CMMB Vision USA. NY Spectrum shall not sell, give away, donate, assign, transfer, pledge, grant any security interest in or otherwise dispose of, or enter into any option or commitment to do so, all or any material part of the assets subject to the Lease Agreement to any person other than Chi Vision or its assignee without the prior written consent of Chi Vision. Under the applicable accounting policies of the Company, upon Completion, the Lease Agreement will be accounted for as a long-term capital lease of Chi Vision.

On 30 July 2014, Chi Vision entered into the LA Lease Agreement with NYBB and NY Spectrum to acquire the spectrum capacity and other assets of the LA Station, with a 25-year leasing term renewable at the option of Chi Vision for a further term of 10 years upon each expiration. Under the LA Lease Agreement, Chi Vision would make monthly lease payment of a small nominal amount with the right to renew the lease on the same terms and conditions. Such nominal amount of lease payment is substantially below the market rate of approximately US$20,000 per month per digital channel, representing a theoretical total lease value of US$1,440,000 per annum for all of the six channels (1 MHz each) of the LA Station. Save as disclosed above, the material terms and conditions of the LA Lease Agreement are identical to the Lease Agreement as disclosed above.

Licenses

As set out in the Board Letter, as at the Latest Practicable Date, none of NY Spectrum, NYBB or Chi Vision is operating the Television Stations to broadcast any programming and the Television Stations have only been transmitting test signals without any programming and have not generated any revenue or profit for NY Spectrum, NYBB or Chi Vision. Chi Vision is in the process of negotiating with prospective customers the terms of the relevant agreements for their programming to be broadcasted on the relevant channels now owned by Chi Vision.

The licenses for the Television Stations, being the FCC Authorizations, are subject to renewal from time to time. Under the lease agreement between Chi Vision, NY Spectrum and NYBB, NY Spectrum is required to continue to hold the FCC Authorizations and maintain them in good standing, provided that Chi Vision shall be responsible for preparing and providing NY Spectrum with any reports or notices to the FCC deemed necessary or appropriate regarding events affecting the FCC Authorizations that are under the purview or knowledge of Chi Vision. To the best of the knowledge of the Board regarding the US television broadcasting industry, renewal of FCC authorizations, such as the FCC Authorizations, is a matter of the normal course of business of any commercial television station in the US and, provided that the relevant television station has complied with the rules of the FCC during the period in which it is licensed to operate, such renewal will normally be granted after the standard procedures for renewal are followed. As advised by the Company, as at the Latest Practicable Date, the licenses for the Television Stations in San Francisco, Houston, Dallas and Los Angeles have been successfully renewed. We have reviewed the license renewal authorizations provided by FCC to the Company and understood that the abovementioned licenses have been renewed to the year 2022. 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. In the event that any of the licenses of the Television Stations are not renewed by the FCC as a result of any breach of the lease agreement by NY Spectrum or NYBB, Chi Vision will be entitled to terminate the lease agreement unilaterally, be indemnified of all damages, loss or claims as a result of breach of NY Spectrum's obligations under the lease, and/or make claims against NY Spectrum for losses resulted through legal proceedings. As the legal owners of the FCC Authorizations, in accordance with the rules of the FCC, NY Spectrum has the rights and capacity to lease the FCC Authorizations to Chi Vision. Taking into account that NY Spectrum is contractually obliged to maintain the FCC Authorizations, the Board is of the view that the fact that the FCC Authorizations are subject to renewal does not affect the validity of the term of the lease agreement.

2. **Financial information of the Group**

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.

Set out below are the financial highlights of the Group showing the financial performance of the Group in the recent financial periods:

1. *For the six months period ended 30 June 2014*

As set out in the interim report of the Company ("**IR 2014**") for the six months period ended 30 June 2014, the Group recorded an unaudited revenue of approximately US$393,511, representing a decrease of approximately 29.16% from that for the six months period ended 30 June 2013 of approximately US$555,492. As advised by the Company, the reduction of revenue was due to the recognition of deferred revenue of US$255,755 arising from CMMB business.

The Group recorded a loss of approximately US$2,435,455 for the six months period ended 30 June 2014, representing a significant increase in loss of approximately 155.51% from that for the six months period ended 30 June 2013 of approximately US$953,168. As advised by the Company, the increase in loss was mainly attributable to other expenses incurred in respect of the recognition of share-based payments expense to consultants of US$600,879 and corporate legal and professional fee of US$587,337 for placement of new shares and other potential investment and acquisitions.

As set out in the IR 2014, the Group has current assets of approximately US$5,373,525 as at 30 June 2014 in which bank balances and cash contributed approximately US$3,517,468 and the Group's current liabilities as at 30 June 2014 were approximately US$6,630,217.

2. *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 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; (ii) the reduction in impairment loss recognized on an intangible asset as compared to the financial year ended 31 December 2012 and (iii) the reduction in share-based payments expense recognized 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.

3. *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 2012 in which bank balances and cash contributed approximately US$822,877 and the Group's current liabilities as at 31 December 2012 were approximately US$1,881,270.

3. **Reasons for the Acquisition**

The Company is a next generation mobile multimedia broadcasting service provider. It pioneers mobile broadcasting technology, CMMB, and deploys it on UHF television broadcasting network to deliver internet-based multimedia and entertainments to the mass market just like the unicast-based cellular 3G/4G mobile network but with far greater efficiency and economies of scale. It is developing a CMMB-based network in the US with the UHF network it has in New York, and in the meantime it is operating a traditional free-to-air TV service with the New York network for immediate revenue to help cover operating costs before the CMMB service could start bringing in revenue. Mobile TV and multimedia delivery service are highly complementary and a natural extension to the traditional free-to-air "fixed" TV. The Company's strategy is to start with the US market first, the media capital of the world, and then hone in the knowhow there to deploy similar services globally.

As set out in the Board Letter, the Board believes the Acquisition will offer the Group the benefits of (i) the commercialization of CMMB in the US market; (ii) paving the way for CMMB globalization; and (iii) expanding terrestrial TV broadcasting service into seven top US metropolitan cities. Details of the abovementioned benefits are outlined in the section "***B. Reason for and Benefits of the Acquisition***" in the Board Letter.

For the Group's existing New York television station operations, the Company has acquired the user rights of four New York UHF television stations through the acquisition of 51% CMMB Vision USA in late 2011, and has been utilizing the facilities to broadcast free-to-air digital television services to the public while at the same time mounting a CMMB-based mobile broadcasting trial network to deliver multimedia services for the New York area.

The current Acquisition under contemplation will add seven more UHF television stations in each of the top seven US metropolitan cities, which are Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa. In particular, Los Angeles is the second largest city and the city with the largest ethnic population in the US with approximately 17 million of population, the inclusion of the LA Station will enlarge the coverage of the Group's television network and enhance the diversity for service, thereby greatly enhance the value of the Group's network of television stations in the US as a whole. The acquired assets represent a much larger collection of UHF spectrum usage and network infrastructure in multiple US top markets to expand the Company's New York based business. While the nature of the assets are the same and business models in relation to the utilization of these assets will be the same, the Company considers that the increase in the number of television stations in the network will enhance the value of the Group through economy of scale and product offering in the follow aspects:

1. *Full services to customers*

The audiences focus on the Chinese located in the US. The New York TV stations together with the seven more UHF television stations will give the coverage of the Group's television network to a very significant Chinese population in the US, hence enabling the Company to appeal to its target customers, being television programming broadcasters based in China which would use its service to broadcast their programming in the top US metropolitan cities, by offering such large coverage.

2. *Programming costs*

In the event that the Company utilizes the television stations to broadcast television programs (as opposed to selling air-time to television programming broadcasters), a larger number of televisions in the network will enhance our bargaining power against content providers and reduce its average cost of programming.

3. *Marketing activities*

The Group have a strong marketing team for promotion of its broadcasting services to the television broadcasting providers. With the seven more UHF television stations in the top metropolitan cities, the Group will have more flexibility in packaging its product offering to meet individual customers' expectation and needs. The average marketing and promotion cost per television stations can also be lowered by the introduction of more television stations in the network.

The Acquisition, when combined with the Company's New York TV platform, will give the Group a strategically important wireless spectrum network covering the top eight cities and approximately 30% TV households in the US, the world's largest media market. The network is expected to initially operate as a free-to-air TV broadcasting network. Free-to-air TV broadcasting is delivery of TV programs through the open public wireless UHF airwave receivable by any household TV sets with the standard TV antennae. The services broadcast signals in clear (unencrypted) form, allowing any person with the appropriate receiving equipment to receive the signal and view or listen to the content without having to pay for subscription or other ongoing or one-off fee to the operator. Generally, free-to-air TV broadcasting programs are carried on terrestrial UHF radio signals and received with an antenna.

Revenues of a TV station are mainly derived from sub-channel leasing by program operators and selling of airtime for advertising.

Channel leasing is for programmers who want to air their programs to the public and rent a whole TV channel by paying a fixed fee or through advertising revenue-sharing on the programs or a combination of both.

Revenue derived from advertising is generated from a TV stations selling airtime for advertising in between regular programming, typically measured in 20-30 second per time slot. Buyers or customers of the airtime are typically advertisers, merchandisers, PR firms, and industry groups and other organizations.

The cost for the TV station will generally comprise spectrum licensing cost, broadcasting equipment maintenance and depreciation, overheads such as broadcasting engineers and supervisors and utilities, which are relatively fixed, and other administrative and general expenses. Suppliers for a TV station service include suppliers of TV equipment and maintenance service providers.

For the Group's future plans, as the next step, the network is expected to eventually be transformed into a next generation mobile multimedia network. Such network will need to adopt the Company's CMMB mobile technology platform, one of which is being developed in New York and is in trial phase. Next generation mobile multimedia network service refers to the delivery of TV programming as well as Internet-based video services and digital data contents and services to multiple consumer mobile terminals other than the traditional home TV sets such as smartphones, tablets and computers, portable TV sets, etc. which are mobile broadcast reception enabled. By way of analogy, such service is like equipping a cable or internet protocol television set-top box into consumer devices to perform media and data services streaming and downloading.

As set out in the Board Letter, the Company's future business plans in respect of the Television Stations and its CMMB business are (i) to integrate the US and China platforms; (ii) to leverage US and Chinese ecosystem support; (iii) partner with US domestic mobile operators and Internet content providers; (iv) build up trial network in the main cities in the US; (v) continue to promote and harmonize CMMB with US TV standard ATSC for cross-operability and ecosystem adoption and facilitate the development of a common global standard; and (vi) use the US market as the foundation for global CMMB technology transfer and deployment. Details of the abovementioned future business plans of the Company are outlined in the section "***B. Reason for and Benefits of the Acquisition***" in the Board Letter.

Due to its mobile capability, mobile multimedia service can effectively target customers anytime anywhere with highly tailored programming and services. Unlike traditional free-to-air broadcasting, revenues can be derived from monthly subscription fee paid by customers, mobile advertising fee paid by advertisers, and leasing fee from content providers who want to lease a particular channel or bandwidth to deliver their programs or services. It can also derive revenue from revenue-sharing for online e-Commerce services. Target customers for such services are typically Internet content providers and advertisers, who want to have proprietary and end-to-end data delivery channels established directly between them and the mobile users away from and complement the public Internet network, which is often very congested with data traffic and does not have enough bandwidth capacity.

To enable mobile multimedia services, a special set of digital broadcasting equipment will be necessary, and a technology protocol that can accommodate mobile TV signals to be received by consumer devices. Consumers would need a mobile broadcast reception enabled device to receive the service, which takes the form of a chip embedded in the device, or an external accessory in which a mobile chip is installed that can be attached to the device. Operating cost for the operator of mobile multimedia services generally comprises network equipment, spectrum licensing, utilities and network maintenance costs and administrative and other expenses.

The network will serve as the first commercial network outside of China with commercial scalability to deploy the groundbreaking NGB-W technology (second generation of CMMB) 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.

We have enquired the Director and understood that the Company is a principal developer of NGB-W, the second generation CMMB technology which focuses on the integration of CMMB and LTE technology to render broadcasting and unicast network that can be converged and cross-operable. The Company has entered into a strategic cooperation agreement with Shanghai Jiao Tong University to jointly develop the next generation converged mobile technologies and to deploy the world's first broadcast-unicast CMMB-4G LTE converged mobile trial network in Shanghai. At the same time, the Company also collaborates with the NGB-W working group of the State Administration of Radio, Film, and Television ("**SARFT**") for the research and development of the aforesaid technology. As at the Latest Practicable Date, substantial progress has been made and a trial network has been launched in Shanghai in 2014 and it is anticipated that a full commercial network with ecosystem participation will be launched in Shanghai in 2015. On the other hand, the Company's New York TV platform is earmarked as the trial platform for NGB-W outside China. It has obtained FCC approval for experimental technology and is the only platform currently conducting CMMB trial in the US.

In addition, the Company is currently developing prototype equipment and devices for the upcoming NGB-W trial with Shanghai Jiao Tong University and the ecosystem providers.

The Acquisition, when combined with the Company's New York TV platform, will give the Group 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 the Company to increase its profitability. Also, it will serve as an integral part of the Company's international spectrum acquisition strategy in developing a global and universal mobile network to provide multimedia and data services anytime anywhere to consumers, starting with China, Asia, the US, and eventually globally through unified satellite and terrestrial network infrastructure.

As understood from the Company, spectrum is the key element to create a mobile network, which can deliver voice, video, and data services to consumer mobile devices. The Company now intends to use the spectrum to develop a mobile multimedia network which tailors to the delivery of video and Internet data contents in the respective cities where the spectrum resides. The more population which a mobile multimedia or a television network covers, the more number of audiences and potential users will request for the services and hence, directly improves the income stream and to achieve diversity of revenues.

Cellular network operators make money by selling data, i.e., data fee, data plan, value-added services such as SMS, and mobile advertising. It is advised by the Company that a mobile multimedia network, which intended to be developed by the Company, share similar income opportunities with cellular network. Under the mobile multimedia network, the Company can charge (i) monthly subscription fee for mobile entertainment and video downloading and streaming; (ii) data consumption-based fee or pay-per-view; (iii) advertising fee for merchandisers using the network to reach mobile users; and (iv) leasing fee for dedicated content providers.

All in all, the more spectrum the network has, the more services and content such network can provide and therefore receiving more diversified income streams. Also, the larger the population coverage, the more potential eyeballs can view the services and contents and hence can attract more potential commercial merchandisers for marketing purposes and subscribers for using the services. Therefore, we are of the view that the Acquisition, which adds more spectrums to the Company's network and potentially widen the Group's population coverage in the US, is able to improve the Group's revenue and is in the interests of the Company and the Shareholders as a whole.

As advised by the Company, Directors consider the terms of the Sale and Purchase Agreement (as amended by the Supplemental Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As noted from the IR 2014, 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.

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.

As noted from the business valuation conducted by Roma Appraisals Limited (the "**Independent Valuer**") in respect of the value of the user and operating rights over seven free-to-air UHF spectrum Television Stations (the "**Valuation Report**"), the US is one of the countries at the forefront in technological advances, especially in computers and in medical, aerospace, and military equipment. Also, the economy of the US is market-oriented. Its central feature is the economic freedom afforded to the private sector by allowing the private sector to make the majority of economic decisions in determining the direction and scale of what the US economy produces. Hence, business firms in the US enjoy greater flexibility than their counterparts in Western Europe and Japan in their decisions to develop new products.

We further noted from the Valuation Report, CMMB is a digital broadcasting technology developed by the SARFT of the PRC. CMMB can be used for delivering mobile internet data, TV and video. With the collaboration with the US, CMMB is the most advanced Orthogonal Frequency-Division Multiplexing ("**OFDM**") based mobile digital broadcasting technology that enables the complete convergence of mobile and fixed video and broadband data transmission via hybrid terrestrial television-satellite networks.

CMMB technology tremendously increases spectrum efficiency as the same digital content can be transmitted to an unlimited number of receivers on minimal spectrum resources. It is ideal for broadcasting of digital content which has wide interest such as live television programs. CMMB is one of the necessary technologies for developing businesses which provides platform for mobile video and data broadcasting delivered in a faster and more efficient way. Under the world technology trend, the industry growth is due to the influx of next-generation smart mobile devices and internet-based media delivery and social networking services, which propel the demand for high quality mobile video and fast multimedia data downloading. CMMB has been fully commercialized in over 330 cities in China and is supported by a vast global supply chain and mature ecosystem that is ready to support the expansion of CMMB technology into the international market.

As noted from the circular of the Company dated 17 August 2012, the Company has acquired 51% of the equity interest of CMMB Vision (USA) which owns four TV channels, which are Channel 26 (WRNN), Channel 32 (WXNY), Channel 35 (WNYX), and Channel 43 (WNXY) respectively, which in turn represent 24 MHz in UHF spectrum capacity with 24 digital channels covering New York City. The spectrum can be used to develop CMMB mobile TV network and traditional free-to-air terrestrial TV network.

We have enquired the Company and understood that as at the Latest Practicable Date, the New York TV platform is at a preliminary stage and is generating minimal revenue. Despite the fact that the Company's New York TV platform is still at its development stage, it is noted from the AR 2012 and AR 2013 that since the commencement of the digital TV broadcasting business in New York, the revenue and financial performance of the Group for the two years ended 31 December 2013 were improved. As set out in the AR 2013, the Group has recorded revenue of approximately US$590,000 for the CMMB business segment for the year ended 31 December 2013, which represents a significant growth of approximately 3.95 times as compared to revenue of approximately US$149,197 for the year ended 31 December 2012. Moreover, the Company's consolidated net loss attributable to owners of US$9,900,497 for the year ended 31 December 2012 was primarily attributable to the following one-off and non-recurring items: impairment loss on the intangible assets in respect of CMMB technology of US$1,334,185, loss of acquisition of intangible assets of US$4,861,135 and share-based payment expenses of US$1,677,690, and the Group has returned to profitability for the year ended 31 December 2013, with a net profit attributable to owners of the Company of US$212,481.

As at the Latest Practicable Date, the Company has secured two customers who will lease the Company's New York TV platform which will generate additional revenue to the Group in 2015. Despite the fact that only two customers have been secured, one of the customers, CCTV, is the national TV station of the People's Republic of China and it is one of China's most important news broadcast companies, and has leased two channels of the New York TV platform for broadcasting CCTV's programs. Moreover, it is also advised by the Company that they are currently negotiating with several potential customers for leasing of the New York TV platform and some already have achieved significant progress as at the Latest Practicable Date. The Company anticipates that the full potential of the New York TV platform can be achieved in the coming years. The Board strongly believes that the existing and/or potential customers, who lease or will lease the New York TV platform will also consider ways in other cities within the US for broadcasting purposes and hence, the Television Stations, which locate at seven main cities of the US, are attracted to them in the way that these China based media companies can utilize the Group's extensive television network within the US to broadcast their programs outside China, achieving a win-win situation to both the Group and the customers.

Most importantly, having said that the Group's ultimate objective is to become a mobile multimedia service network provider across the US catering to the roaring demand of digital mobile entertainment and mobile internet content delivery, it is strongly believed by the Director that enlarging the audience coverage across the main cities within the US and securing more reputable China-based media clients, alongside the development of the NGB-W technology, are all critical and necessary steps for the Group to achieve the aforementioned target. The Company considers such acquisition of the New York TV platform and the Television Stations to be long-term investments of the Group.

More specifically, we understood from the Company that the Acquisition, which adds extra television stations to the existing television platform possessed by the Group in the US, can (i) enlarge the current coverage of audiences to other major cities in the US such as Los Angeles, San Francisco, Miami etc… such that the Group possesses larger bargaining power when negotiating terms with new clients and the broadened network to be more attractive to clients when considering leasing the Group's television channels, which potentially generate more leasing and/or advertising income to the Group in near future; (ii) lower the costs incurred by the Group as these expenses can now be shared amongst all the television stations, i.e. the costs for construction, maintenance, daily operations, repairment, labor force in relation to the television stations and the time and promotion costs for the Group to seek for new customers as more geographical location in the US can be offered upon completion of the Acquisition; and (iii) most importantly developing the Group into a mobile multimedia service network provider across the US catering to the roaring demand of digital mobile entertainment and mobile internet content delivery.

Therefore, despite the Group's existing New York Television platform has not yet achieved its full potential at current, given the above reasons and potential of the Group, we are of the view that the Acquisition, which amplifies the existing New York TV platform of the Group, is in the interests of the Company and the Independent Shareholders as a whole.

According to the US 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. It is estimated that the population of US will reach approximately 321 million in 2015, 333 million in 2020 and 346 million in 2025, respectively. 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. And according to Nielsen's new US Consumer Usage Report 2012, nearly 120 million people within television homes own four or more TV sets.

We also noted from the website of Internet World Stats (www.internetworldstats.com) that internet users in the US currently stands at approximately 279 million, which have grew by approximately 7% compare to the figure last year. Also, the penetration rate of the US internet users out of the country's popular is approximately 86.75%, which is considerably to be high as compared to other countries.

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.

Having considered (i) Chi Vision holds seven Television Stations inclusive of spectrum user rights, network equipment, site leases, broadcasting licenses, business contracts and strategic partnerships pertaining to the operation of the Television Stations which locate at seven main cities of the US and each Television Station is entitled to exclusively use up to six MHz bandwidth of UHF spectrum in the public airwave to broadcasting services in the domiciled city; (ii) CMMB service network has been starting in New York City and the Acquisition can extend the location and population coverage; (iii) the Acquisition is aligned with the business strategy as set out in IR 2014; (iv) the positive prospects of the development of CMMB service network as supported by the financial performance of the Group for the two years ended 31 December 2013; (v) the growth potential of Chi Vision as supported by the increasing trend of the population and the data usage in the US; (vi) CMMB is a new generation delivery network independent of the current delivery platforms; and (vii) the Acquisition would enhance the income stream of the Company, we agree with the view of the Directors that the Sale and Purchase Agreement (as amended by the Supplemental Agreement) is in the interests of the Company and the Independent Shareholders as a whole.

4. **Consideration for the Acquisition**

(a) **Basis of Consideration**

As set out in the Board Letter, the total consideration for the Acquisition (the "**Consideration**") is US$77,480,000 out of which US$34,180,000 will be paid by cash, US$38,000,000 will be satisfied by the issue of the Convertible Notes, and US$5,300,000 will be satisfied by the issue of the LA Convertible Notes. The Consideration was determined based on arm's length negotiation between the parties thereto taking into account primarily comparable assets in the market.

For the purpose of determining the Consideration, the Board has taken into account (i) the carrying value of the intangible assets, being television spectrum user rights, owned by CMMB Vision USA which owns four UHF television stations totaling 24 MHz in spectrum bandwidth capable of broadcasting 24 digital channels with a population coverage of 8,175,133 covering New York City of US$23.8 million as at 31 December 2013 and US$23.69 million as at 30 June 2014; (ii) the range of prices of television spectrum per MHz per population covered (i.e. number of people) among the purchases and sales of comparable television spectrum licenses and air-wave in the US market as selected by the Independent Valuer engaged by the Company as comparable transactions for the purpose of providing its opinion on the valuation of the spectrum user rights owned by Chi Vision, which took place during the period from January 2012 to November 2013, from US$0.34 to US$0.63 per MHz per population covered; and (iii) the additional value created by having a network of the Television Stations covering the population in seven top key US cities.

The Company appointed the Independent Valuer to opine on the market value of the Television Stations as at 23 May 2014. We have reviewed the Valuation Report as set out in Appendix I to this Circular and discussed with the Independent Valuer regarding the method and assumptions in arriving at the valuation. Based on our discussion with the Independent Valuer, we understood that in the process of valuing the Television Stations, the Independent Valuer has taken into account of the specifications of the Television Stations and relevant information available in the market. The income-based approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The asset-based approach was also not adopted because auction price could not reflect the market value of the Television Stations. The Independent Valuer has therefore considered the adoption of the market-based approach in arriving at the market value of the Television Stations. We concur with the Independent Valuer that the income-based approach and asset-based approach are not proper for valuation of the Television Stations based on the reasons mentioned above while the market-based approach is the proper valuation methodology to adopt for this valuation purpose, and hence could not conduct separate analysis on the valuation of the Television Stations and relied only on the valuation on the Television Stations prepared by the Independent Valuer who is a qualified professional valuer. The Independent Valuer has conducted its valuation in accordance with International Valuation Standards issued by International Valuation Standards Council.

We have reviewed the engagement letter of the Independent Valuer and have assessed the experience and the qualification of the Independent Valuer. We understood that Mr. Kelvin Luk ("**Mr. Luk**"), the director of the Independent Valuer, is a member of the International Association of Consultants, Valuators and Analysts (IACVA). Mr. Luk has over nine years of experience in valuation and consultation related to the media industry. Mr. Luk has conducted and supervised over ten valuation cases on various assets of companies, both listed and private, in the media industry. We have obtained the ten recent valuation cases and understood that among the valuation cases, three of them were related to the Company which were involved valuation targets which are engaged in media industry in the US with use of CMMB technology. In view of the qualification and experience of the Independent Valuer, we consider the engagement of the Independent Valuer is proper.

We have also reviewed the Valuation Report and observed that the Independent Valuer has adopted the market-based approach in arriving the market value of the Television Stations and under such valuation method, the market value of the Television Stations as at 23 May 2014 was arrived at US$130 million (equivalent to approximately HK$1,014 million) (the "**Valuation**"). Based on the Valuation, the market value of 79% interest of the Television Stations is US$102.7 million (equivalent to approximately HK$801.06 million) (the "**Target Valuation**"). The Consideration of approximately US$77.48 million represents a discount of approximately 24.56% to the Target Valuation.

As set out in the Valuation Report, under the market-based approach, the Independent Valuer first obtained information regarding the transactions of similar spectra and the corresponding considerations or winning bid prices available in the market. In the process of selecting comparable transactions, the Independent Valuer has considered whether the spectrum of each transaction has comparable specifications as the Television Stations.

The Independent Valuer has considered 9 comparable transactions (the "**Valuation Comparables**") as regards the similarity in their spectrum specifications with the Television Stations and were the completed deals for the licenses to operate a specific spectrum. The source of the Valuation Comparables is a list of comparable deals as extracted from a research report "Broadcast Investor: Deals & Finance" regarding "Full-Power TV Station Spectrum Deals 2011-2013"issued by SNL Kagan (the "**Report**"), the first single source for in-depth analysis and proprietary data on constantly-evolving media and communications business.

We have interviewed with the Independent Valuer and we are given to understand that the Independent Valuer has conducted researches on UHF spectrum television stations on public internet sources including the official website of the Federal Communications Commission and other independent third parties website in relation to the US television spectrum sector. However, the information available is limited and not up-to-date. As advised by the Independent Valuer, they have performed their valuation on the Television Stations with reference to Report, which is the first single source for in-depth analysis and proprietary data on the constantly-evolving media and communications business. We have achieved the Report and understood that the Report outlines the spectrum television station deal transaction in the US from 2011 to 2013, with similar location and spectrum specification to the Television Stations.

As further advised by the Independent Valuer, due to the fact that not all the transactions of similar spectra are fully disclosed to the public and therefore the Valuation Comparables selected by them are under best effort basis. Based on the Report, the Independent Valuer have selected 11 completed deals for the licenses to operate a specific spectrum which were made in the US from 2012 to 2013, with an exclusion of 2 transactions due to (i) lack of public information of the underlying deal; and (ii) the size of the deal was not comparable to the Company and eventually adopted the Valuation Comparables for comparisons which are considered as exhaustive.

We have performed independent search on the internet in relation to the previous transactions which are with similar criteria to the Television Stations in the US but the information is limited. Upon reviewing the details of the Valuation Comparables as set out in the Report and the Valuation Report and taking into account that (i) the Independent Valuer has extensive experience in media valuation and have performed few valuation on the CMMB technology previously; (ii) the public information in relation to the spectrum television stations in the US is limited; (iii) the Valuation Comparables are with similar spectrum specifications as the Television Stations; and (iv) the locations of the Valuation Comparables are similar to the Television Stations, we consider the Valuation Comparables are fair, reasonable and representative.

As advised by the Independent Valuer, as the sale price of the spectrum will be varied with the coverage population and the bandwidth, the Independent Valuer considered that price per MHz per person under coverage of the area (US$/MHz/Pop) as the most appropriate multiple in calculating the market value of the Television Stations.

Upon reviewing and discussing with the Independent Valuer about the details of the Valuation Comparables as set out in the Valuation Report and taking into account (i) the relevant valuation experience of the Independent Valuer; (ii) the Valuation Comparables have been involving in the similar spectrum specifications as the Television Stations; (iii) the opinion of the Independent Valuer who has considered the adoption of market-based approach is the most appropriate approach for assessing the market value of the Television Stations; and (iv) the data used in the model were obtained from comparable market transactions, we are of the view that the basis and assumptions adopted in the Valuation Report are appropriate. We are also of the view that the methodology and assumptions adopted were arrived at after due and careful consideration.

Given our above analysis on (i) the Independent Valuer's experience in the media industry, valuation approach, methodology and assumptions adopted by the Independent Valuer; (ii) the Consideration represents a discount of approximately 24.56% to the Target Valuation; and (iii) the ultimate business goal of the Group and the potential of the Acquisition that can be brought to the Group as discussed in the above section "**3. Reasons for the Acquisition**", we are of the view that both the Valuation Report and Consideration are fair and reasonable so far as the Independent Shareholders are concerned.

(b) **The Convertible Notes and the LA Convertible Notes**

Pursuant to the Sale and Purchase Agreement (as amended by the Supplemental Agreement), (i) part of the Consideration in the amount of US$38,000,000 will be paid by way of the Company issuing the Convertible Notes with equivalent face value, which are convertible to the Shares at a conversion price of HK$0.10 per Share (the "**Conversion Price**") for a total of 2,948,800,000 new Shares. The Convertible Notes will have a six-year maturity period with redemption amount of 100% of the principal amount and carries a zero-coupon; and (ii) remaining amount of the Consideration in the amount of US$5,300,000 will be paid by way of the Company issuing the LA Convertible Notes with equivalent face value, which are convertible to the Shares at an initial conversion price of HK$0.473 per Share (the "**LA Conversion Price**") for a total of 86,951,374 new Shares. Except for the LA Conversion Price, other terms and conditions of the LA Convertible Notes are identical to that of the Convertible Notes.

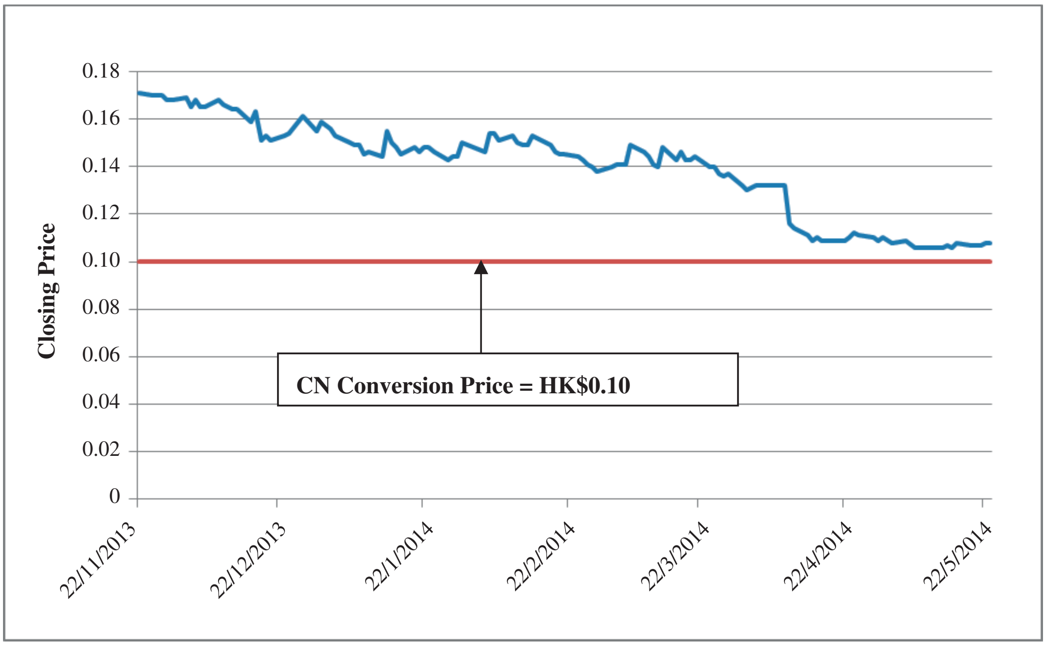
As disclosed in the Board Letter, as a result of the completion of the Rights Issue and Bonus Issue in July 2014, the conversion price of the Convertible Notes will be adjusted from HK$0.15 to HK$0.10 per Share upon issue, assuming that there are no other adjustments to the conversion price of the Convertible Notes. We have obtained the instrument of the Convertible Notes and reviewed the adjustment calculation and we are of the view that the Conversion Price Adjustment is in line with the adjustment terms in the Convertible Notes instrument and therefore the Conversion Price Adjustment is fair and reasonable.

The Conversion Price represents (i) a discount of approximately 7.41% to the adjusted closing price of HK$0.108 per Share as quoted on the Stock Exchange on 23 May 2014; (ii) a discount of approximately 6.89% to an average adjusted closing price of HK$0.1074 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 23 May 2014; (iii) a discount of approximately 6.54% to the average adjusted closing price of HK$0.107 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 23 May 2014; and (iv) a discount of approximately 62.2% of the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The LA Conversion Price of HK$0.473 represents (i) a premium of 10% to the closing price of HK$0.43 per Share as quoted on the Stock Exchange on 14 October 2014; (ii) a discount of approximately 1.66% to an average closing price of HK$0.481 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including 14 October 2014; (iii) a premium of approximately 2.16% to the average closing price of HK$0.463 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including 14 October 2014; and (iv) a premium of approximately 78.5% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

(i) *Historical price performance*

In assessing the fairness and reasonableness of the Conversion Price, we have reviewed the movements in the trading price of the Shares during the period from 22 November 2013 (being the 6 calendar months period prior to the date of the Sale and Purchase Agreement) up to and including 23 May 2014, being the date of the Sale and Purchase Agreement (the "**CN Review Period**"). The closing prices of the Shares during the CN Review Period are set out below:

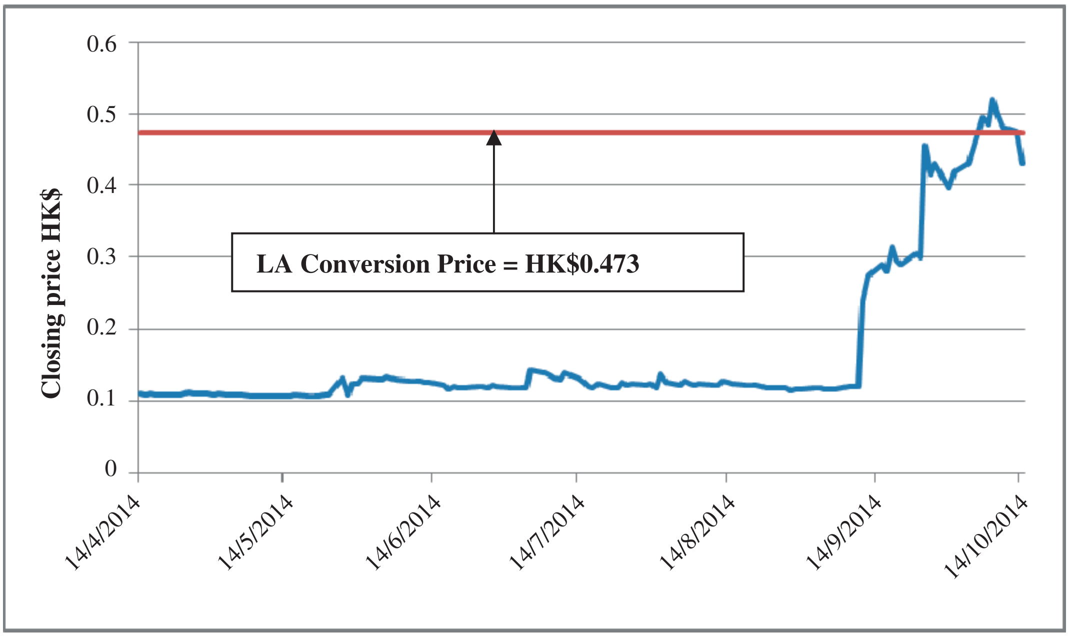


Source: The Stock Exchange

Note: Trading of the Shares was suspended from 7 April 2014 to 9 April 2014.

As shown in the above chart, we note that the closing price of the Shares shows a general downward trend during the CN Review Period. During the CN Review Period, the highest closing price and the lowest closing price of the Shares were HK$0.171 on 22 November 2013 and HK$0.106 during the period from 7 May 2014 to 13 May 2014 and on 15 May 2014, respectively. The average of the closing prices of the Shares during the CN Review Period was approximately HK$0.14. The Conversion Price represents a discount of approximately 28.57% to such average closing price.

In assessing the fairness and reasonableness of the LA Conversion Price, we have reviewed the movements in the trading price of the Shares during the period from 14 April 2014 to 14 October 2014 (being the 6 calendar months period prior to the date of the Supplemental Agreement) up to and including 14 October 2014, being the date of the Supplemental Agreement (the "**LACN Review Period**"). The closing prices of the Shares during the LACN Review Period are set out below:



Source: The Stock Exchange

Note: Trading of the Shares was suspended on 10 September 2014.

As shown in the above chart, we note that the closing price of the Shares shows a steady trend before mid-September 2014 and then shows an increasing trend during the LACN Review Period. As noted from the announcement of the Company dated 24 September 2014 in relation to the unusual price and volume movements of the Shares, the Directors confirmed that they are not aware of any reasons for these price or volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance. During the LACN Review Period, the highest closing price and the lowest closing price of the Shares were HK$0.52 on 8 October 2014 and HK$0.106 during the period from 7 May 2014 to 13 May 2014 and on 15 May 2014, respectively. The average of the closing prices of the Shares during the LACN Review Period was approximately HK$0.167. The LA Conversion Price represents a premium of approximately 183.23% to such average closing price.

(ii) *Comparable analysis*

In order to assess the fairness and reasonableness of the terms of the Convertible Notes and the LA Convertible Notes, to the best of our knowledge, we have looked into companies listed on the Main Board or Growth Enterprise Market of the Stock Exchange which have made announcements for issuing convertible notes/bonds for satisfying the consideration of the acquisition transactions (the "**CB Comparables**") from (i) 23 November 2013 up to and including 23 May 2014 (the "**CN Comparable Period**"), being the date of the Sale and Purchase Agreement; and (ii) 14 April 2014 up to and including 14 October 2014 (the "**LACN Comparable Period**"), being the date of the Supplemental Agreement, respectively for reference. We are of the view that our analysis with the CN Comparable Period and the LACN Comparable Period, being about six months prior to and including the date of the Sale and Purchase Agreement and the date of the Supplemental Agreement respectively would provide us with the recent relevant information on the market conditions and sentiments, which plays an important role in the determination of the Conversion Price and the LA Conversion Price in general.

Although the scale of operations, financial positions, and future prospects of the companies of the CB Comparables are not exactly the same as Chi Vision, having taken into account that (i) the stock market sentiments may vary from time to time, and the terms of the CB Comparables which were issued six months prior to the Sale and Purchase Agreement and the Supplemental Agreement respectively were determined under similar market conditions and sentiments as the Convertible Notes and the LA Convertible Notes and thus may reflect the recent trend of the terms of convertible notes/bonds in the market; and (ii) the CB Comparables were issued to both connected persons and independent third parties to the companies of the CB Comparables, we consider that the list of CB Comparables is an exhaustive list and are of the opinion that the CB Comparables are fair, sufficient and representative samples for our analysis purpose. Our analysis is summarized in the table below:

Comparisons for Conversion Price

Comparable (stock code)	**Date of announcement**	**Principal amount**	**Maturity**	**Coupon rate per annum**	**Premium/ (discount) of the conversion price over/ to closing price per share on the last trading day prior to announcement**	**Premium/ (discount) of the conversion price over/to the average closing price per share on the last five trading day prior to announcement**
		(HK$)	*(Years)*	*(%)*	*(%)*	*(%)*
China Print Power Group Limited (6828)	2014/5/5	498,432,000	3	0	(12.92)	(14.18)
Kiu Hung Energy Holdings Limited (381)	2014/4/17	Up to HK$136,000,000	3	0	(21.05)	(22.28)
Infinity Chemical Holdings Company Limited (640)	2014/4/11	16,800,000	2	0	(5.88)	(0.99)
Sheen Tai Holdings Group Company Limited (1335)	2014/4/4	165,000,000	3	3	(14.09)	0.00
China Household Holdings Limited (692)	2014/4/2	230,000,000	3	3	0.00	(4.30)
United Gene High-Tech Group Limited (399)	2014/3/18	715,000,000	7	3.5	73.61	68.24
Sunway International Holdings Limited (58)	2014/1/30	300,000,000	3.25	0	1.69	18.39
China Environmental Energy Investment Limited (986)	2014/1/24	1,800,000	1	8	(3.27)	(0.10)
China Environmental Resources Group Limited (1130)	2013/12/30	150,000,000	3	2	(3.78)	0.85
Ming Kei Holdings Limited (8239)	2013/12/23	656,200,000	5	0	(29.29)	(17.45)
Green International Holdings Limited (2700)	2013/12/16	76,620,000	3	0	(12.28)	(11.03)

Comparable (stock code)	Date of announcement	Principal amount	Maturity	Coupon rate per annum	Premium/ (discount) of the conversion price over/ to closing price per share on the last trading day prior to announcement	Premium/ (discount) of the conversion price over/to the average closing price per share on the last five trading day prior to announcement
		(HK$)	*(Years)*	*(%)*	*(%)*	*(%)*
China Yunnan Tin Minerals Group Company Limited (263)	2013/12/12	300,000,000	5	0	(35.50)	(34.20)
The Hong Kong Building and Loan Agency Limited (145)	2013/12/6	1,262,500,010	10	3	(11.10)	(5.21)
Tech Pro Technology Development Limited (3823)	2013/11/27	270,000,000	5	0	10.00	10.29
First Natural Foods Holdings Limited (1076)	2013/11/27	400,000,000	16	0	(77.68)	(77.83)
Hao Wen Holdings Limited (8019)	2013/11/26	116,480,000	3	2	0.00	0.30
Value Convergence Holdings Limited (821) *(note)*	2013/11/24	110,000,000	2	0.25	(26.50)	(22.10)
		Maximum	**16**	**8**	**73.61**	**68.24**
		Minimum	**1**	**0**	**(77.68)**	**(77.83)**
		Mean	**4.54**	**1.46**	**(8.85)**	**(5.59)**
		Convertible Notes	**6**	**0**	**(7.41)**	**(6.89)**

Source: The Stock Exchange of Hong Kong

Note: This company is outlier as the transaction was lapsed on 31 May 2014.

Based on the above illustration, the discount represented by the Conversion Price to the closing price on the date of the Sale and Purchase Agreement falls within the range of the discount of approximately 77.68% and the premium of approximately 73.61% of the CB Comparables. We noted that the discount represented by the Conversion Price to the closing price on the date of the Sale and Purchase Agreement lies above the mean of the CB Comparables of discount of approximately 8.85%.

In addition, the discount represented by the Conversion Price to the 5-day-average closing price up to the on the date of the Sale and Purchase Agreement falls within the relevant range of the discount of approximately 77.83% and the premium of approximately 68.24% of the CB Comparables. We noted that the discount represented by the Conversion Price to the 5-day-average closing price up to the date of the Sale and Purchase Agreement is slightly deeper than the mean of the CB Comparables of discount of approximately 5.59%.

In light of the above and (i) the decreasing trend of the Shares during the CN Review Period; and (ii) the Convertible Notes are non-interest bearing, we are of the view that the terms of the Convertible Notes are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Independent Shareholders as a whole.

Comparisons for LA Conversion Price

Company (Stock Code)	**Date of announcement**	**Principal amount**	**Maturity**	**Coupon rate per annum**	**Premium/ (discount) of the conversion price over/ to closing price per share on the last trading day prior to announcement**	**Premium/ (discount) of the conversion price over/to the average closing price per share on the last five trading day prior to announcement**
		(HK$)	*(Years)*	*(%)*	*(%)*	*(%)*
Blue Sky Power Holdings Limited (6828)	2014/10/7	213,045,259	3	0	(7.82)	(5.01)
China Aluminum Cans Holdings Limited (6898)	2014/10/3	780,000,000	5	0	2.00	2.00
BeijingWest Industries International Limited (2339)	2014/8/5	300,000,000	5	0	(11.36)	(9.72)
CHINA KINGSTONE MINING HOLDINGS LIMITED (1380)	2014/7/29	78,750,000	5	0	(8.47)	(4.93)
China Environmental Investment Holdings Limited (260)	2014/6/24	272,000,000	2	1	25.00	29.87
NORTH ASIA STRATEGIC HOLDINGS LIMITED (8080)	2014/6/13	60,000,000	3	0	0.00	(1.20)
National United Resources Holdings Limited (254)	2014/6/13	220,000,000	5	0	(6.54)	(8.59)

Company (Stock Code)	Date of announcement	Principal amount	Maturity	Coupon rate per annum	Premium/ (discount) of the conversion price over/ to closing price per share on the last trading day prior to announcement	Premium/ (discount) of the conversion price over/to the average closing price per share on the last five trading day prior to announcement
		(HK$)	*(Years)*	*(%)*	*(%)*	*(%)*
China Investments Holdings Limited (132)	2014/6/5	166,232,000	5	2	18.75	22.19
Asian Capital Resources (Holdings) Limited (8025)	2014/5/26	Up to HK$124,338,000	2	0	0.00	2.27
CMMB Vision Holdings Limited (471)	2014/5/23	US$38,000,000	6	0	15.40	16.60
China Print Power Group Limited (6828)	2014/5/5	498,432,000	3	0	(12.92)	(14.18)
Kiu Hung Energy Holdings Limited (381)	2014/4/17	Up to HK$136,000,000	3	0	(21.05)	(22.28)
		Maximum	**6**	**2**	**25**	**29.87**
		Minimum	**2**	**0**	**(21.05)**	**(22.28)**
		Mean	**3.92**	**0.25**	**(0.58)**	**0.59**
		Company LA Convertible Notes	**6**	**0**	**10.00**	**(1.66)**

Based on the above illustration, the premium represented by the LA Conversion Price to the closing price on the date of the Supplemental Agreement falls within range of the discount of approximately 21.05% and the premium of approximately 25% of the CB Comparables. We noted that the premium represented by the LA Conversion Price to the closing price on the date of the Supplemental Agreement lies above the mean of the CB Comparables of discount of approximately 0.58%.

In addition, the discount represented by the LA Conversion Price to the 5-day-average closing price up to the date of the Supplemental Agreement falls within the relevant range of the discount of approximately 22.28% and the premium of approximately 29.87% of the CB Comparables. We noted that the discount represented by the LA Conversion Price to the 5-day-average closing price up to the date of the Supplemental Agreement is slightly deeper the mean of the CB Comparables of premium of approximately 0.59%.

In light of the above and (i) the Shares price fluctuation during the LACN Review Period especially the days recent to the date of the Supplemental Agreement; and (ii) the LA Convertible Notes are non-interest bearing, we are of the view that the terms of the LA Convertible Notes are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Independent Shareholders as a whole.

5. **Financial effect of the Acquisition**

Upon Completion, the Company will directly hold 79% of the equity interest of Chi Vision, which will become non-wholly owned subsidiary of the Company and the results, assets and liabilities of Chi Vision will be consolidated into the accounts of the Group.

Set out in Appendix IV to this Circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effects of the Acquisition on the earnings assuming the Completion had taken place on 31 December 2013 and assets and liabilities of the Group assuming the Completion had taken place on 30 June 2014.

Based on the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this circular, the total assets of the Group would increase by approximately 2.5 times from approximately US$41.69 million to approximately US$107.96 million and its total liabilities would increase by approximately 3.1 times from approximately US$13.99 million to approximately US$43.37 million.

Even though for the period ended 31 December 2013, Chi Vision has not yet generated any revenue and profit, the Directors consider that, in view of the synergies with the Group, i.e. enlarging the US audience coverage together with the Group's existing New York Television platform and at the same time allowing the Group to lower costs by achieving economy of scale, after the Completion, Chi Vision will contribute to the revenue, earnings base and working capital of the Enlarged Group. According to the business model of the New York UHF television stations as outlined in the Board Letter, the Television Stations are also expected to generate revenue similarly in the top seven US metropolitan cities i.e. channel leasing income and selling advertising time slot in between regular programming. Therefore, Chi Vision is expected to generate revenue from its television operations in cities where the Television Stations are located.

As understood from the Board Letter, the Television Stations have only been transmitting test signals without any programming and have not generated any revenue or profit for NY Spectrum, NYBB or Chi Vision. In addition, as advised by the Company, there are already customers agreed to lease the channels under the Television Stations which revenues are expected to be generated in 2015 and at the same time, Chi Vision is also in the process of negotiating with prospective customers to broadcast programs on the relevant channels now owned by Chi Vision.

Also, the Company has completed the acquisition of the user rights of four New York UHF television in September 2012 and the Group has already recorded revenue of approximately US$149,000 and US$590,000 for the year ended 31 December 2012 and 2013 within the CMMB business segment, as set out in the AR 2013. Hence, it is expected that it would not take considerable time for Chi Vision to generate revenue once the channels under the Television Stations are in operations.

We noted that Chi Vision has not yet generated any revenue and profit, however, having taken into account (i) the benefits and reasons of the Acquisition as set out in the section headed "3. Reasons for Acquisition"; (ii) the Television Stations have only been transmitting test signals; (iii) several customers have already agreed in leasing the channels under the Television Stations; (iv) Chi Vision is currently under negotiation with potential customers and; (v) it would not take long for Chi Vision to record revenue once the channels under the Television Stations are in operations, we consider that it is a fair expectation that the Acquisition will have a positive impact on the revenue of the Group in future.

6. Potential dilution effect to the public Shareholders

The table showing the effect of the Acquisition on the shareholding structure of the Company has been set out under the section headed "***C. Shareholding Structure after completion of the Acquisition and Full Conversion of the Convertible Notes and the LA Convertible Notes***" in the Board Letter.

As noted from the Board Letter, pursuant to the terms of the Sale and Purchase Agreement, Chi Capital will only be able to convert the Convertible Notes and/or the LA Convertible Notes to the extent that (i) the public float of the Company would not fall below the Minimum Public Float and (ii) the Aggregate Beneficial Interest will not be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant Convertible Notes and/or LA Convertible Notes triggering the obligation on the part of the holder of the Convertible Notes and/or LA Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code.

As at the Latest Practicable Date, the shareholding of Chi Capital is approximately 29.26% and the shareholding of the Independent Shareholders is approximately 70.74%. Assuming that (i) the Convertible Notes and LA Convertible Notes are not transferred to other independent third parties and provided that the Aggregate Beneficial Interest of Chi Capital cannot be equal to or exceed 30%, the dilution effect of the shareholdings of existing public Shareholders is minimal; (ii) the Convertible Notes and LA Convertible Notes are transferred to other independent third parties and being fully converted, the shareholdings of existing public Shareholders will be diluted from approximately 70.74% to approximately 39.19% inevitably; and (iii) the Existing Convertible Notes is converted in full and the Convertible Notes and LA Convertible Notes are transferred to other independent third parties and being fully converted, the shareholdings of existing public Shareholders will be diluted from approximately 70.74% to approximately 38.25% inevitably.

Taking into account that the reasons and benefit of the Acquisition and terms of the Convertible Notes and LA Convertible Notes, are fair and reasonable, we consider that the aforementioned level of dilution to the shareholding interests as a result of the Acquisition are acceptable as far as the Independent Shareholders are concerned.

7. **Recommendation**

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

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

Note: Ms. Julisa Fong is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 18 years of experience in investment banking and corporate finance.

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31 December 2014

CMMB Vision Holdings Limited
Unit 1211, Level 12,
Core F, Cyberport 3,
100 Cyberport Road,
Hong Kong

Dear Sir/Madam,

Re: Valuation of the User and Operating Rights over Free-to-air Ultra High Frequency Spectrum Owned by Chi Vision (USA) Inc.

In accordance with the instructions from CMMB Vision Holdings Limited (hereinafter referred to as the "Company") to us to conduct a valuation on the user and operating rights over seven free-to-air ultra high frequency ("UHF") spectrum television stations (hereinafter referred to as the "Spectrum") owned by Chi Vision (USA) Inc. (hereinafter referred to as the "Business Enterprise"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 23 May 2014 (hereinafter referred to as the "Date of Valuation").

This report states the purpose of valuation, scope of work, economic and industry overviews, overviews of the Company, the Business Enterprise and the Spectrum, basis of valuation, investigation and analysis, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks and opinion of value.

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

1. PURPOSE OF VALUATION

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

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

2. SCOPE OF WORK

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

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

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

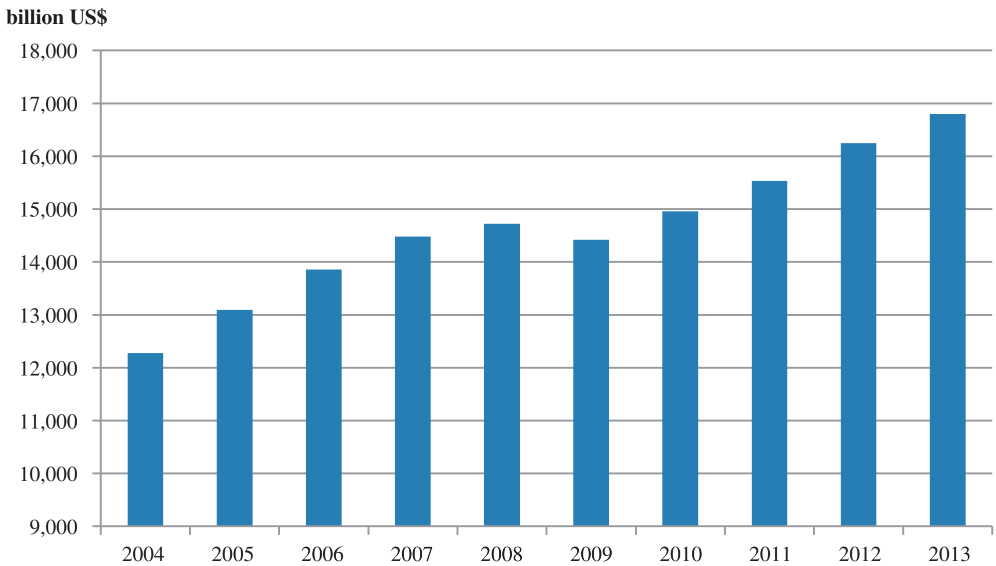
3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in the United States

The economy of the United States ("U.S.") is by far the world's largest nominal economy as in 2010. According to the U.S. Bureau of Economic Analysis, the nominal gross domestic product ("GDP") showed a steady increase from US$12.3 trillion in 2004 to US$14.7 trillion in 2008. However, after the global financial crisis in mid-2008, the nominal GDP decreased to US$14.4 trillion in 2009, showing a 2.8% decrease from that in 2008. The U.S. Congress established a US$700 billion Troubled Asset Relief Program ("TARP") to help stabilizing the financial markets. The U.S. slowly recovered and the nominal GDP increased to US$16.8 trillion in 2013. Figure 1 illustrates the nominal GDP of the U.S. from 2004 to 2013.

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

Figure 1 — Nominal GDP of the U.S. from 2004 to 2013



Source: U.S. Bureau of Economic Analysis

4. INDUSTRY OVERVIEW

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

4.1. Overview of the CMMB Industry

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

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

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

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

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

5. THE COMPANY

The principal business activity of the Company and its subsidiaries (collectively referred to as the "Group") is the development and promotion of CMMB-based multimedia and interactive services. In China, the Group has been the principal developer for the CMMB and NGB-W technology and a value-added service provider in support of SARFT's CMMB services. Outside the PRC, the Group intends to provide turnkey solutions to develop and deploy CMMB-based system, network, business platform to international markets and participates in service operations through local partnerships so as to promote CMMB into an international standard and build a global CMMB franchise.

6. THE BUSINESS ENTERPRISE

The Business Enterprise was established in Delaware, the U.S. with limited liability. As at the Date of Valuation, it was owned as to 20% by New York Broadband Holding Ltd. (hereinafter referred to as "NYBB") and 80% by Chi Capital Holdings Limited (hereinafter referred to as "Chi Capital"). Chi Capital owns an indirect equity interest of 15% in NYBB as a passive investor and at the same time Chi Capital is also a creditor of NYBB. Saved as disclosed above, there is no relationship between NYBB and the Company and its connected persons and NYBB is a third party independent of the Company and its connected persons.

NYBB was set up by New York Spectrum Holdings Inc. (hereinafter referred to as "NY Spectrum") to hold and manage the Spectrum for NY Spectrum. Other than carrying out tasks to ensure compliance with all the statutory requirements in respect of television spectrum owned by NY Spectrum, including filing, reporting, license renewal requirements administered by the U.S. Federal Communication Commission (hereinafter referred to as the "FCC"), NYBB has no business operations.

As advised by the Management, the Business Enterprise is set up to own and operate the Spectrum by way of leasing channels and/or sale of airtime to broadcasting service providers, television broadcast networks and advertisers to broadcast programs to the public.

7. THE SPECTRUM

As at 23 May 2014, the Business Enterprise holds the Spectrum, inclusive of the spectrum user rights, network equipment, site leases, broadcasting licenses, business contracts and strategic partnerships pertaining to the operation of the television stations, which it acquired from NYBB. Below is the summary of the Spectrum:

Station Call Name	Location	Spectrum Use	License Grant Date	License Expiration Date	Date of Transfer to NY Spectrum	Initial Expiration Date of Lease Agreement with NY Spectrum
WAGC-LD	Atlanta, Georgia	470 MHz - 476 MHz	13 September 2013	1 April 2021	13 September 2013	30 April 2039
KMMC-LD	San Francisco, California	626 MHz - 632 MHz	4 December 2014	1 December 2022	25 June 2013	30 April 2039
KQHO-LD	Houston, Texas	506 MHz - 512 MHz	27 October 2014	1 August 2022	20 September 2013	30 April 2039
KVFW-LD	Dallas, Texas	584 MHz - 590 MHz	10 December 2014	1 August 2022	25 June 2013	30 April 2039
WTXI-LD	Miami, Florida	614 MHz - 620 MHz	3 February 2014	1 February 2021	8 July 2013	30 April 2039
WTBT-LD	Tampa, Florida	656 MHz - 662 MHz	26 April 2013	1 February 2021	8 July 2013	30 April 2039
KVHD-LD	Los Angeles, California	626 MHz - 632 MHz	8 December 2014	1 December 2022	12 August 2014	30 July 2039

Source: The Management

As set out in the above summary, the license for each Television Station, being authorization by the FCC (hereinafter referred to as the "FCC Authorizations"), are subject to renewal from time to time. Under the lease agreement between the Business Enterprise, NY Spectrum and NYBB, NY Spectrum is required to continue to hold the FCC Authorizations and maintain them in good standing, provided that the Business Enterprise shall be responsible for preparing and providing NY Spectrum with any reports or notices to the FCC deemed necessary or appropriate regarding events affecting the FCC Authorizations that are under the purview or knowledge of the Business Enterprise.

As advised by the Management, regarding the U.S. television broadcasting industry, renewal of FCC authorizations, such as the FCC Authorizations, is a matter of the normal course of business of any commercial television station in the U.S. and, provided that the relevant television station has complied with the rules of the FCC during the period in which it is licensed to operate, such renewal will normally be granted after the standard procedures for renewal are followed.

8. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2011, **market value** is defined as "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

9. INVESTIGATION AND ANALYSIS

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

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

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

- The nature and prospect of the Business Enterprise and the Spectrum;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements; and
- Market transactions of similar spectra.

10. VALUATION METHODOLOGY

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

10.1 Market-Based Approach

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

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

10.2 Income-Based Approach

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

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

10.3 Asset-Based Approach

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

10.4 **Spectrum Valuation**

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

Under the Market-Based Approach, we first obtained information regarding the transactions of similar spectra and the corresponding considerations or winning bid prices available in the market, such as the FCC and other sources in the Internet. In the process of selecting comparable transactions, we have adopted a list of comparable deals as extracted from a research report "Broadcast Investor: Deals & Finance" regarding "Full-Power TV Station Spectrum Deals 2011-2013" issued by SNL Kagan, the first single source for in-depth analysis and proprietary data on the constantly-evolving media and communications business. We have considered whether the spectrum of each transaction has comparable specifications to the Spectrum owned by the Business Enterprise.

Based on the research information prepared by SNL Kagan, we have arrived at a full list of nine comparable transactions (hereinafter referred to as the "Comparable Transactions") since 2012 for this valuation and the details are listed as follows:

Release Date	**Buyer**	**TV Market**	**Station Price** *(US$ million)*	**Station Price per MHz per Person Under Coverage of the Area (US$/MHz/Pop)** *(Rounded)*
30 January 2012	NRJ TV, LLC	New York, NY	22.79	0.34
2 April 2012	NRJ TV, LLC	Los Angeles, CA	45.00	0.48
2 April 2012	NRJ TV, LLC	Honolulu, HI	45.00	0.51
20 September 2012	NRJ Holdings, LLC	Harrisburg-Lancaster-Lebanon-York, PA	9.00	0.35
11 January 2013	OTA Holdings, LLC	Providence, RI-New Bedford, MA	13.75	0.47
17 January 2013	NRJ Holdings	Houston, TX	19.00	0.50

Release Date	Buyer	TV Market	Station Price	Station Price per MHz per Person Under Coverage of the Area (US$/MHz/Pop)
			(US$ million)	*(Rounded)*
20 January 2013	NRJ Holdings	San Francisco-Oakland-San Jose, CA	13.50	0.31
4 October 2013	OTA Broadcasting, LLC	Palm Springs, CA	17.00	4.69
7 November 2013	LocusPoint Networks, LLC	Philadelphia, PA	6.00	0.63
		Median (Rounded):		0.48

Source: SNL Kagan

Note: The release date is defined as the earliest date a deal is made public and DMA Rank as of Release Date. DMA® is a registered service mark of Nielsen Media Research, Inc., and is used pursuant to a license from Nielsen Media Research, Inc.

The Comparable Transactions listed above were selected under best effort basis, due to the fact that not all the transactions of similar spectra are fully disclosed to the public. Although the Comparable Transactions occured between 30 January 2012 and 7 November 2013, there was not any appropriate comparable transaction available from 7 November 2013 to the Date of Valuation.

All of the Comparable Transactions adopted were the completed deals for the licenses to operate a specific spectrum. Similar to the Spectrum owned by the Business Enterprise, the spectra under the Comparable Transactions were licensed to the purchasers, authorizing the licensees to use the spectra without ownership.

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

We noted that the range of the station price per MHz per person under coverage of the area multiples of the Comparable Transactions selected was wide, so median of the said multiples of the Comparable Transactions was adopted in the valuation, such that the effect of the outliers among the Comparable Transactions would be minimized. Also, we have adopted the population coverage of the Spectrum in the U.S., and the spectrum capacity of the Spectrum owned by the Business Enterprise.

The population of the U.S. adopted in the valuation is based on the latest available population estimate in year 2013 from the U.S. Census Bureau, as shown in the table below:

City	**2013 Estimated Population**
San Francisco	4,516,276
Dallas	6,810,913
Houston	6,313,158
Atlanta	5,522,942
Miami	5,828,191
Tampa	2,870,569
Los Angeles	13,131,431

Source: U.S. Census Bureau

Then we applied the median station price per MHz per person under coverage of the area multiple to the spectrum capacity of the Spectrum and population coverage to arrive at the market value of the Spectrum as at the Date of Valuation, as illustrated by the formula below:

Market value of the Spectrum (US$)	=	Median station price paid per MHz per person under coverage of the area multiple of the Comparable Transactions (US$/MHz/Pop)	x	Spectrum capacity of the Spectrum owned by the Business Enterprise (MHz)	x	Population coverage of the Spectrum in the corresponding city (Pop)

11. MAJOR ASSUMPTIONS

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

- All relevant legal approvals and business certificates or licenses to operate the Spectrum in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industry in which the Spectrum's business operates, and the business will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Spectrum's business operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Spectrum's business operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the business; and

- Interest rates and exchange rates in the localities for the operation of the Spectrum's business will not differ materially from those presently prevailing.

12. INFORMATION REVIEWED

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

- Market transactions of similar spectra;

- Legal documentation in relation to the Spectrum;

- Information of the Business Enterprise and the Spectrum;

- Market trends of the CMMB industry and other dependent industries;

- General descriptions in relation to the Spectrum and the Business Enterprise; and

- Economic outlook in the U.S.

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

13. LIMITING CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

14. REMARKS

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

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

15. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the Spectrum owned by the Business Enterprise as at the Date of Valuation, in our opinion, was reasonably stated as below:

Market Value of the Spectrum as at 23 May 2014

Station Call Name	Location	Market Value *(US$)*
WAGC-LD	Atlanta, Georgia	13,000,000
KMMC-LD	San Francisco, California	20,000,000
KQHO-LD	Houston, Texas	18,000,000
KVFW-LD	Dallas, Texas	16,000,000
WTXI-LD	Miami, Florida	17,000,000
WTBT-LD	Tampa, Florida	8,000,000
KVHD-LD	Los Angeles, California	38,000,000
Total		**130,000,000**

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

The following is the text of a report received from the Company's reporting accountant, Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation this circular.

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

31 December 2014

The Board of Directors
CMMB Vision Holdings Limited
Unit 1211, Level 12, Core F, Cyberport 3
100 Cyberport Road, Cyberport
HONG KONG

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Chi Vision (USA) Corporation, ("Chi Vision") for the period from 24 January 2014 (date of incorporation) to 30 June 2014 (the "Relevant Period"), for inclusion in the circular dated 31 December 2014 (the "Circular") issued by CMMB Vision Holdings Limited (the "Company") in connection with the proposed acquisition of the 79% interests in Chi Vision (the "Acquisition"), pursuant to a sale and purchase agreement dated on 23 May 2014 and a supplemental agreement dated on 14 October 2014. The Financial Information comprised the Chi Vision's statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the Relevant Period, and a summary of significant accounting policies and other explanatory information.

Chi Vision was incorporated in the Delaware, the United States ("US") with limited liability on 24 January 2014 with an authorised share capital of US$20 divided into 2,000 ordinary shares of US$0.01 each.

The financial year end date of the companies now comprising the Chi Vision is 31 December.

No audited financial statements of Chi Vision have been prepared for the period ended 30 June 2014 as the company was not involved in any significant business transactions since its date of incorporation.

BASIS OF PREPARATION

The director of Chi Vision has prepared the Financial Information based on the unaudited financial statement of the Chi Vision for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Financial Information for the Relevant Period were audited by us in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA.

The Financial Information set out in this report has been prepared from the unaudited financial statement with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

For the purpose of the preparation of this report, the director of Chi Vision is responsible for the preparation and the true and fair presentation of the Financial Information for the Relevant Period in accordance with accounting policies set out in Note 2 of Section IIA which conform with the HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Listing Rules, and for such internal control as the director of Chi Vision determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our examination and to report our opinion to you. We examined the relevant Financial Information of Chi Vision for the Relevant Period, and carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and presented on the basis set out in Note 1 of Section II below, a true and fair view of the state of affairs of the Chi Vision as at 30 June 2014 and of the Chi Vision's results and cash flows for the Relevant Period then ended.

I. FINANCIAL INFORMATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	From 24 January 2014 (date of incorporation) to 30 June 2014 US$
Revenue	7	—
Administrative expenses		—
Profit before tax	8	—
Income tax expenses	10	—
Profit for the period		—
Total comprehensive income for the period, net of tax		—
Profit attributable to:		
Owners of Chi Vision		—
Total comprehensive income attributable to:		
Owners of Chi Vision		—

STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2014 US$
Net Asset		—
Capital and reserve		
Share capital	12	—
Reserve		—
Total equity attributable to owner of Chi Vision		—

STATEMENT OF CHANGES IN EQUITY

	Share capital	**Retained profits**	**Total**
	US$	*US$*	*US$*
At 24 January 2014 (date of incorporation)	—	—	—
Profit and total comprehensive income for the period	—	—	—
At 30 June 2014	—	—	—

STATEMENT OF CASH FLOWS

	From 24 January 2014 (date of incorporation) to 30 June 2014
	US$
Cash flows from operating activities	
Profit for the period	—
Operating profit before working capital changes	—
Net cash used in operating activities	—
Net increase in cash and cash equivalents	—
Cash and cash equivalents at beginning of the period	—
Cash and cash equivalents at end of the period	—
Analysis of balances of cash and cash equivalents	
Cash and bank balances	—

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Chi Vision was incorporated in Delaware, US on 24 January 2014 with limited liability. The address of the registered office and principal place of business of Chi Vision is 108 West 13th Street, Wilmington, Delaware 19801, New Castle, US. The principal activity of Chi Vision is investment holding. The controlling shareholder of Chi Vision are 20% by New York Broadband Holding Ltd. and 80% by Chi Capital Holdings Limited.

The Financial Information for the period from 24 January 2014 (date of incorporation) to 30 June 2014 are presented in United States dollars ("US$"), which is the same as the functional currency of Chi Vision.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

(a) New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards ("HKAS"), HKFRSs amendments and related interpretations (herein collectively referred to as the "new and revised HKFRSs") which are effective for the Chi Vision's financial year beginning on 1 January 2014. For the purpose of preparing and presenting the Financial Information of the Relevant Period, the Chi Vision was consistently adopted all these new and revised HKFRSs through the Relevant Period.

At the date of this report, the Chi Vision 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 HKFRSs	Annual improvements to HKFRSs 2012 — 2014 cycle[5]
Amendments to HKFRSs 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosure[3]
Amendments to HKFRSs 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRS 11	Accounting for acquisitions of interest in joint operations[5]

Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 27	Equity method in separate financial statements[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]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[6]
HKFRS 15	Revenue from contracts with customers[7]
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 Effective for annual periods beginning on or after 1 January 2018.

4 Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.

5 Effective for annual periods beginning on or after 1 January 2016.

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

7 Effective for annual periods beginning on or after 1 January 2017.

The directors of Chi Vision anticipate that the application of these new and revised HKFRSs will have no material impact on the Financial Information.

(b) Basis of preparation

The Financial Information have been prepared on the historical cost basis except for certain financial assets and financial liabilities as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

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.

(c) Income tax expenses

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

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Chi Vision's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases 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 these deductible temporary differences can be utilised. Such deferred tax 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, except where the Chi Vision 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 Relevant 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 Relevant Period.

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

For the purpose of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the Relevant Period

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

(d) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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

The Chi Vision's 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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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.

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the Relevant 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.

For all financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) breach of contract, such as default or delinquency in interest and principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(iv) disappearance of an active market for the financial asset because of financial difficulties.

For certain categories of financial asset, such as 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 Chi Vision's past experience of collecting payments as well as 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity 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 Group are recognised at the proceeds received, net of direct issue costs.

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

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

Derecognition

The Chi Vision derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Chi Vision neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Chi Vision continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Chi Vision retains substantially all the risks and rewards of ownership of a transferred financial asset, the Chi Vision continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, 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.

On derecognition of a financial asset other than in its entirety, the Chi Vision allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

(e) Provisions

Provisions are recognised when the Chi Vision has a present obligation (legal or constructive) as a result of a past event, it is probable that the Chi Vision will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(f) Related parties transactions

(1) A person or a close member of that person's family is related to the Chi Vision if that person:

(i) has control or joint control over the Chi Vision;

(ii) has significant influence over the Chi Vision; or

(i) is a member of the key management personnel of the Chi Vision or of a parent of the Chi Vision.

(2) An entity is related to the Chi Vision if any of the following conditions applies:

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Chi Vision or an entity related to the Chi Vision.

(vi) the entity is controlled or jointly controlled by a person identified in (1).

(vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family member who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Income taxes

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

4. FINANCIAL INSTRUMENTS

(a) Financial instruments by categories

The carrying amount of each of the categories of financial instruments as at the end of the Relevant Period is as follows:

The Chi Vision

	At 30 June 2014
	US$
Financial assets	—
Financial liabilities	—

(b) Financial risk management objective and policies

The Chi Vision's financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

Credit risk

Chi Vision has no significant concentrations of credit risk.

Liquidity risk

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

As at 30 June 2014, Chi Vision did not have any financial liabilities.

Currency risk

The Chi Vision mainly operates in US with most of the transactions denominated and settled in United Stated Dollars. Therefore, the director of Chi Vision considers it has no significant foreign exchange risk.

(c) Fair value of financial instruments

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

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

(ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 30 June 2014.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

5. CAPITAL RISK MANAGEMENT

The primary objective of the Chi Vision's capital management is to safeguard the Chi Vision's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Chi Vision manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Chi Vision may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Consistent with others in the industry, the Chi Vision monitors its capital structure on the basis of the gearing ratio. As at 30 June 2014, the Chi Vision's gearing ratio was undefined because the Chi Vision did not have any borrowings at the end of the Relevant Period.

6. SEGMENT INFORMATION AND REVENUE

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

Chi Vision does not have any operations during the Relevant Period. Accordingly, Chi Vision does not have separately reportable segments.

7. REVENUE

Chi Vision did not generate any revenue during the Relevant Period.

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	From 24 January 2014 (date of incorporation) to 30 June 2014
	US$
Auditors' remuneration	—
Staff cost excluding directors' remuneration *(Note 9)*	
— Wages and salaries	—
— Pension scheme contributions	—

9. DIRECTOR'S AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

(a) Director's emoluments

The emoluments paid by the Chi Vision to the director during the Relevant Period were as follows:

	Fees	Salaries, Allowances and benefits in kind	Mandatory Provident fund contributions	Total remuneration
	US$	*US$*	*US$*	*US$*
From 24 January 2014 (date of incorporation) to 30 June 2014				
Mr. Wong Chau Chi (appointed on 24 January 2014)	—	—	—	—

The emoluments of the directors fell within the following bands:

	From 24 January 2014 (date of incorporation) to 30 June 2014
	US$
US$ Nil to US$1,000,000	—

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

(b) Employees' emoluments

Highest paid individuals

As at 30 June 2014, no employee was employed by Chi Vision. For the period from 24 January 2014 (date of incorporation) to 30 June 2014, no emoluments were paid to the director of Chi Vision whose emoluments is included in the disclosures in Note 9(a) above respectively. Therefore, no emoluments were paid by Chi Vision to any individual.

10. INCOME TAX EXPENSES

	From 24 January 2014 (date of incorporation) to 30 June 2014
	US$
Current tax:	
— Provision for the period	—

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

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

From 24 January 2014 (date of incorporation) to 30 June 2014

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

As at 30 June 2014, Chi Vision did not have any unused estimated tax losses available for offset against future taxable profits. No deferred tax has been provided as Chi Vision did not have any significant temporary difference which gave rise to a deferred tax.

11. DIVIDEND

No dividend has been paid or declared by Chi Vision since the date of its incorporation.

12. SHARE CAPITAL

	Number of shares	**Share capital** *US$*
Authorised:		
Ordinary shares at US$0.01 each		
At 24 January 2014 (date of incorporation) and 30 June 2014	2,000	20
Issued and fully paid:		
At 24 January 2014 (date of incorporation) and at 30 June 2014	—	—

Chi Vision was incorporated with an initial authorised share capital of US$20 divided into 2,000 ordinary shares of US$0.01 each. As at 30 June 2014, no ordinary share has been issued.

13. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the Financial Information, the Chi Vision did not have any significant material related party transactions during the Relevant period.

No compensation of any kind is paid to the Chi Vision's director who were key management personnel of the Company of the Relevant Period.

14. SUBSEQUENT EVENTS

Save as disclosed elsewhere in this Circular, the following events occurred subsequent to the Relevant Period:

(a) In July 2014, New York Broadband Holding Ltd. ("NYBB") assigned all its rights and obligations under a memorandum of understanding entered into between CMMB Vision (USA) Inc., a subsidiary of the Company, and NYBB in respect of the potential acquisition of the television station in Los Angeles, California, the United States (the "LA Station") (collectively referred to as the "LA MOU") to Chi Vision and transferred the relevant assets relating to the acquisitions contemplated under the LA MOU to Chi Vision.

(b) On 30 July 2014, Chi Vision entered into a lease agreement with NYBB and New York Spectrum Holdings Inc. to acquire the spectrum capacity and other assets of the LA Station, with a 25 year leasing term renewable at the option of Chi Vision for a further term of 10 years upon each expiration.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Chi Vision or any of the companies now comprising the Chi Vision in respect of any period subsequent to 30 June 2014.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF CHI VISION

Business Review and Prospectus

Chi Vision is set up to own and operate the Television Stations by way of leasing channels and/or sale of airtime to broadcasting service providers, television broadcast networks and advertisers to broadcast programs to the public. As part of its business plan, the Company intends to utilize these spectra, in conjunction with CMMB and other advanced broadcast-broadband technologies, to deliver CMMB-based mobile entertainment and data services in the future.

Liquidity and Financial Resources

Save as disclosed herein, Chi Vision has no outstanding borrowings as at 30 June 2014.

Capital Structure

Chi Vision has issued share capital of nil as at 30 June 2014.

Charge on Assets

Save as disclosed herein, Chi Vision has no charge on assets as at 30 June 2014.

Contingent Liabilities

Save as disclosed herein, Chi Vision has no contingent liabilities as at 30 June 2014.

Employees and Remuneration Policy

Save as disclosed herein, no remuneration has been paid or is payable to the employees of Chi Vision during the Relevant Period.

Material Acquisition and Disposals and Future Plans for Material Investment

Save as disclosed herein, Chi Vision did not have any material acquisition or disposals of subsidiaries and associated companies during the Relevant Period.

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, and the financial information of the Group for the six months ended 30 June 2014 are disclosed in the interim report of the Company for the six months ended 30 June 2014, respectively, 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 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.

Please see below quick link to the interim report of the Company for the six months ended 30 June 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0929/LTN20140929003.pdf

Please see below quick link to the annual reports of the Company for the year ended 31 December 2013:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0430/LTN201404301280.pdf

Please see below quick link to the annual reports of the Company for the year ended 31 December 2012:

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0501/LTN20130501007.pdf

Please see below quick link to the annual reports of the Company for the year ended 31 December 2011:

http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0502/LTN20120502006.PDF

2. INDEBTEDNESS

Bank Borrowings

As at the close of business on 30 November 2014, being the latest practicable date for the purposes of this statement of indebtedness prior to the printing of this circular, the Group and Chi Vision (collectively referred to as the "Enlarged Group") had no outstanding bank borrowings.

Convertible Notes

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

Save as aforesaid, and apart from intra-group liabilities, 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 November 2014, being the Latest Practicable Date.

3. WORKING CAPITAL

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

4. MATERIAL ADVERSE CHANGE

Other than those disclosed in the announcements and the website of the Company, 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).

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PERFORMANCE OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013 AND THE SIX MONTHS ENDED 30 JUNE 2014

Set out below is the management discussion and analysis of the results of the Group for each of the financial years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014.

The information is extracted from the annual and interim reports of the Company for the relevant financial years and financial period, respectively, published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.irasia.com/listco/hk/cmmbvision).

The management discussion and analysis for each financial year or the financial period should be read in conjunction with the financial information of the Group included in the respective annual or interim reports of the Company.

Management discussion and analysis of the Group for the six months ended 30 June 2014

Material Acquisition and Disposals and Future Plans for Material Investment

During the six months ended 30 June 2014, the Group did not have any material acquisition or disposals of subsidiaries or associates other than those announced on website of the Stock Exchange.

Business Review

During the six months ended 30 June 2014, 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. 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.

For the six months ended 30 June 2014, the Group recorded loss for the period of US$2,435,455 as compared to US$953,168 for the same period in 2013, representing an increase of approximately 155%.

For the six months ended 30 June 2014, the Group is engaged in provision of transmission and broadcasting of telephone programs and agency services with revenue of US$393,511 (six months ended 30 June 2013: US$555,492).

Prospects

With respect to the six months ended 30 June 2014:

— The Group was developing to be a leading next generation mobile multimedia service provider. It addressed 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 SARFT of the PRC with collaboration from the US, CMMB was one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television delivery and data delivery through Internet by the Internet Protocol ("**IP data**"). It was OFDM based, and can readily interact with other OFDM technologies such as 3G, 4G based on Institute of Electrical and Electronics Engineers standards 802.16(e) and 4G LTE. The key feature of CMMB was 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 had 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 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. In China, its goal was to become a leading CMMB service provider. Globally, its goal was to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

Liquidity and Financial Resources

As at 30 June 2014, the Group had equity attributable to owners of the Company of US$17,219,171 (31 December 2013: US$16,736,976). Current assets amounted to US$5,373,525 which mainly comprises bank balances and cash of US$3,517,468 and trade and other receivables of US$1,856,057. Current liabilities amounted to US$6,630,217 which mainly comprises trade payables of US$1,604,014 and deposits received for subscription of right issue US$4,176,316.

As at 30 June 2014, the Group's current ratio was 0.81 (31 December 2013: 1.07) and the gearing ratio (a ratio of total loans to total assets) was 18% (31 December 2013: 20%).

Finance costs of the Group for the six months ended 30 June 2014 amounted to US$475,168 which mainly represents effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the six months ended 30 June 2014.

Foreign Currency Exposure

For the six months ended 30 June 2014, most assets, liabilities and transactions of the Group are denominated in US$. The management of the Group believes that foreign exchange risk does not affect the Group, therefore, the Group did not make any hedging arrangement during the six months ended 30 June 2014.

Charge on Assets

As at 30 June 2014, neither the Group nor the Company pledged any properties and assets (31 December 2013: Nil)

Contingent Liabilities

As at 30 June 2014, neither the Group nor the Company had any significant contingent liabilities (31 December 2013: Nil)

Employees and Remuneration Policy

For the six months ended 30 June 2014, the average number of employees of the Group was approximately 30 (six months ended 30 June 2013: approximately 15), and the Group's staff costs amount to US$254,982 (six months ended 30 June 2013: US$86,350). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the six months ended 30 June 2014, the Company granted 76,767,574 share options (six months ended 30 June 2013: Nil) under the share option scheme of the Company adopted on 5 July 2005 to certain consultants which are engaged for improving the system of CMMB-LTE technology with their uniqueness service rendered for the purpose of development of CMMB business and seeking for new investment opportunities in CMMB business.

Management discussion and analysis of the Group for the year ended 31 December 2013

Material Acquisition and Disposals and Future Plans for Material Investment

For the year ended 31 December 2013, the Group did not have any material acquisition or disposals of subsidiaries and associated companies.

Business Review

During the year ended 31 December 2013, the Company's principal activity was investment holdings whilst its subsidiaries were mainly engaged in provision of CMMB and agency services.

The Company had been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, had 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.

For the financial year ended 31 December 2013, the Group recorded loss for the year of approximately US$293,000 as compared to approximately US$10.6 million for the year ended 31 December 2012, which includes profit for the year attributable to owners of the Company amounted to approximately US$212,000 and loss for the year attributable to non-controlling interests amounted to approximately US$505,000 respectively.

During the year ended 31 December 2013, the Group engaged in provision of CMMB and agency services with revenue of approximately US$713,000 (2012: approximately US$266,000).

Prospects

With respect to the year ended 31 December 2013:

— The Group was developing to be a leading next generation mobile multimedia service provider. It addressed 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 SARFT of PRC with collaboration from the US, CMMB was one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television delivery and data delivery through Internet by the Internet Protocol. It was OFDM based, and can readily interact with other OFDM technologies such as 3G, 4G based on Institute of Electrical and Electronics Engineers standards 802.16(e) and 4G LTE. The key feature of CMMB was 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 had 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 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. In China, its goal was to become a leading CMMB service provider. Globally, its goal was to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

Liquidity and Financial Resources

The Group had total equities of approximately US$27.4 million as at 31 December 2013 and approximately US$14.9 million as at 31 December 2012. Current assets amounted to approximately US$2.2 million mainly comprising bank balances and cash of approximately US$0.9 million and trade and other receivables of approximately US$1.3 million. Current liabilities amounted to approximately US$2.1 million, represents trade and other payables only. As at 31 December 2013, the Group's current ratio was 1.0 (2012: 1.1) and the gearing ratio (a ratio of total loans to total assets) was 11.5% (2012: 13.7%). Other than convertible notes, the Group did not have any bank and other borrowings as at 31 December 2013 (2012: Nil).

During the year ended 31 December 2013, the Company entered into certain subscription agreements with the subscribers for the subscription of an aggregate 220,445,957 new shares of the Company for an aggregate consideration of HK$99,571,897 (equivalent to approximately US$12.8 million), details of these are set out in note 27 to the consolidated financial statements of the Company for the year ended 31 December 2013. Total net proceeds of all above subscriptions are approximately HK$99.2 million (equivalent to approximately US$12.8 million), in which HK$16.9 million (equivalent to approximately US$2.2 million); HK$12 million (equivalent to approximately US$1.5 million); HK$42.3 million (equivalent to approximately US$5.5 million) and HK$28.0 million (equivalent to approximately US$3.6 million) were used for administrative and operations; New York CMMB network development; new wireless spectrum and network acquisition; and new business and network development, respectively.

Finance costs of the Group for the year ended 31 December 2013 amounted to approximately US$819,000 (2012: approximately US$198,000), it mainly represents effective interest expense on convertible notes.

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 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.

Foreign Currency Exposure

Most of the Group's assets, liabilities and transactions were denominated in US$. The Group did not make any other hedging arrangement in the two years ended 31 December 2013.

Charge on Assets

As at 31 December 2013, neither the Group nor the Company has pledged its assets to secure its borrowings (2012: Nil)

Contingent Liabilities

As at 31 December 2013, neither the Group nor the Company has any significant contingent liabilities (2012: Nil).

Employees and Remuneration Policy

For the year ended 31 December 2013, average number of employees of the Group was approximately 30 (2012: approximately 30). For the year ended 31 December 2013, the Group's staff costs (including Directors' fees and emoluments) amounted to approximately US$237,000 (2012: approximately US$320,000). The remuneration policy of the Company is reviewed annually and is in line with the prevailing market practice. During the year ended 31 December 2013, the Company did not grant any share options to the Directors and employees of the Group under the share option scheme of the Company adopted on 5 July 2005.

Management discussion and analysis of the Group for the year ended 31 December 2012

Material Acquisition and Disposals and Future Plans for Material Investment

Save as disclosed in note 39(a) to the consolidated financial statements of the Company for the year ended 31 December 2012, there are no any other material acquisition or disposals of subsidiaries and associated companies in the year 2012 and near future as at 31 December 2012.

Business Review

During the year ended 31 December 2012, 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 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. 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.

For the financial year ended 31 December 2012, the Group recorded loss for the year of approximately US$10.6 million as compared to profit for the year approximately US$6.0 million for the year ended 31 December 2011.

Continuing operations

During the year ended 31 December 2012, the Group engaged in CMMB and agency services with revenue of approximately US$266,000 (2011: Nil).

Discontinued operations

Profit for the year ended 31 December 2011 from discontinued operations mainly represents the gain on deconsolidation of a subsidiary amounted to approximately US$29.5 million for year ended 31 December 2011. The deconsolidated subsidiary is mainly engaged in manufacturing of printed circuit boards. The net results of the discontinued operations (other than gain on deconsolidation of a subsidiary) for the year ended 31 December 2011 was approximately US$7.1 million.

Prospects

With respect to the year ended 31 December 2012:

— The Group was transforming from a printed circuit board maker to a mobile multimedia technology and service provider through a series of restructuring, divestments and acquisitions, which were in their final phases in making the Group a dedicated opera tor in delivering mobile and wireless video and Internet data services.

— The Group was developing to be a leading next generation mobile multimedia service provider. It addressed 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 SARFT of the PRC with collaboration from the US, CMMB was one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television delivery and data delivery through Internet by the Internet Protocol. It was OFDM based, and can readily interact with other OFDM technologies such as 3G, 4G based on Institute of Electrical and Electronics Engineers standards 802.16(e) and 4G LTE. The key feature of CMMB was 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 had 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 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. In China, its goal was to become a leading CMMB service provider. Globally, its goal was to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

Liquidity and Financial Resources

The Group had total equities of approximately US$14.9 million as at 31 December 2012 and approximately US$1.0 million as at 31 December 2011. Current assets amounted to approximately US$2.0 million mainly comprising bank balances and cash of approximately US$0.8 million and other receivables of approximately US$1.2 million. Current liabilities amounted to approximately US$1.8 million, represents other payables only.

As at 31 December 2012, the Group's current ratio was 1.1 (2011: 0.8) and the gearing ratio (a ratio of total loans to total assets) was 13.7% (2011: Nil). Other than convertible notes, the Group did not has any bank and other borrowings as at 31 December 2012 (2011: Nil).

Finance costs of the Group for the year ended 31 December 2012 amounted to approximately US$198,000, it mainly represents effective interest expense on convertible notes. Finance costs of the Group for the year ended 31 December 2011 was insignificant as the Group has not borne any bank and other borrowings as at 31 December 2011.

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 directors of the Company 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.

Foreign Currency Exposure

Most of the Group's assets, liabilities and transactions are denominated in US$. The Group did not make any other hedging arrangement in the two years ended 31 December 2012.

Charge on Assets

As at 31 December 2012, neither the Group nor the Company has pledged its assets to secure its borrowings (2011: Nil).

Contingent Liabilities

As at 31 December 2012, neither the Group nor the Company has any significant contingent liabilities (2011: Nil).

Employees and Remuneration Policy

For the year ended 31 December 2012, average number of employees of the Group was approximately 30 (2011: approximately 100). For the year ended 31 December 2012, the Group's staff costs (including Directors' fees and emoluments) amounted to approximately US$0.3 million (2011: approximately US$0.4 million). The remuneration policy of the Company is reviewed annually and is in line with the prevailing market practice. During the year ended 31 December 2012, the Company did not grant any share options to the Directors and employees of the Group under the share option scheme of the Company adopted on 5 July 2005.

Management discussion and analysis of the Group for the year ended 31 December 2011

Material Acquisition and Disposals and Future Plans for Material Investment

On 2 September 2010, the Company entered into an equity transfer agreement with an independent third party, pursuant to which the Company (or its nominee) acquired 30% equity interest in Fuxue and 30% equity interest in Deshen, both companies established under the laws of the PRC, for a total consideration of HK$81,606,926 (equivalent to US$10,529,926), which is payable as to HK$15,351,026 (equivalent to US$1,980,778) by way of cash and the balance of HK$66,255,900 (equivalent to US$8,549,148) by way of new issue of 530,047,200 ordinary shares in the Company's share capital at an issue price of HK$0.125 per share. The acquisitions of Fuxue and Deshen have been completed in August 2011.

On 30 March 2011, the Company entered into a sale and purchase agreement ("**Share Sale Agreement**") in between the Company and CCA in relation to the sale of entire share capital ("**Sale Share**") of GTI. The Sale Share will dispose all its Global Flex (Suzhou) Co., Ltd operating assets and liabilities and will not incur further manufacturing related costs and expenses for its business. Under the Share Sale Agreement, the Company shall sell and CCA shall acquire the Sale Share at a consideration of HK$1,000 which is to be satisfied by cash. CCA is wholly-owned by Chi Capital Holdings Ltd, which in turn is wholly owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board. The disposal of GTI have been completed in December 2011.

Save as disclosed in note 44 to the consolidated financial statements of the Company for the year ended 31 December 2011, there are no any other material acquisition or disposals of subsidiaries and associated companies in near future as at 31 December 2011.

Results of Operation

During the year ended 31 December 2011, the Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in trading of PCB.

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. 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.

For the financial year ended 31 December 2011, the Group recorded profit for the year of approximately US$6.0 million as compared to loss for the year approximately US$21.5 million for the year ended 31 December 2010.

Continuing operations

During the year ended 31 December 2011, the Group continued to be engaged in procurement and distribution of printed circuit boards and generated income receipt from such continuing service of US$1,772,467 (2010: US$5,447,279) with related procurement costs of US$1,750,790 (2010: US$5,341,608).

Other income mainly represents the net gain from above agency service relating to procurement and distribution of PCB, which sharply fell by approximately 79.2% to approximately US$22,000 for the year ended 31 December 2011, as compared to that of approximately US$106,000 for the year ended 31 December 2010.

Discontinued operations

Profit for the year from discontinued operations mainly represents the gain on deconsolidation of a subsidiary amounted to approximately US$29.5 million for year ended 31 December 2011. The deconsolidated subsidiary is mainly engaged in manufacturing of printed circuit boards. The net results of the discontinued operations (other than gain on deconsolidation of a subsidiary) for the years ended 31 December 2011 and 2010 were approximately US$7.1 million and US$14.9 million respectively.

Prospects

With respect to the year ended 31 December 2011:

— The Group was transforming from a printed circuit board maker to a mobile multimedia technology and service provider through a series of restructuring, divestments and acquisitions, which were in their final phases in making the Group a dedicated opera tor in delivering mobile and wireless video and Internet data services.

— The Group was developing to be a leading next generation mobile multimedia service provider. It addressed 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 SARFT of the PRC with collaboration from the US, CMMB was one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television delivery and data delivery through Internet by the Internet Protocol. It was OFDM based, and can readily interact with other OFDM technologies such as 3G, 4G based on Institute of Electrical and Electronics Engineers standards 802.16(e) and 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 had 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 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. In China, its goal was to become a leading CMMB service provider. Globally, its goal was to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

Liquidity and Financial Resources

The Group had total equities of approximately US$1.0 million as at 31 December 2011 and total deficits of approximately US$11.0 million as at 31 December 2010. Current assets amounted to approximately US$1.5 million mainly comprising bank balances and cash of approximately US$0.3 million and trade and other receivables of approximately US$1.2 million. Current liabilities amounted to approximately US$2.0 million comprising trade and other payables of approximately US$1.6 million and amount due to a related company of approximately US$0.4 million.

As at 31 December 2011, the Group's current ratio was 0.8 (2010: 0.6) and the gearing ratio (a ratio of total loans to total assets) was Nil (2010: 64.7%). As at 31 December 2011, the Group did not has any bank and other borrowings (2010: Bank borrowings approximately US$24.2 million and other borrowings approximately US$121,000).

During the year ended 31 December 2011, the Company entered into certain subscription agreements with the subscribers for the subscription of an aggregate 687,628,000 new shares of the Company for an aggregate consideration of HK$30,943,260 (equivalent to approximately US$4.0 million). Total net proceeds of all above subscriptions were approximately US$4.0 million, which were intended to be used as general working capital at initial.

Finance costs of the Group for the year ended 31 December 2011 was insignificant as the Group has not borne any bank and other borrowings as at 31 December 2011.

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 directors of the Company 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 repayment of existing debts.

Foreign Currency Exposure

Most of the Group's assets, liabilities and transactions are denominated in US$ and RMB. The management believes that foreign exchange risk does not affect the Group since RMB has generally appreciated comparing with US$ and its sales and purchases in RMB substantially hedged the risks of transactions in foreign currency. The management will continue to monitor any further changes in RMB exchange rate and would proactively take measures to minimise any adverse impact by the fluctuations of exchange rates on the Group. The Group did not make any other hedging arrangement in the two years ended 31 December 2011.

Charge on Assets

As at 31 December 2011, the Group did not pledge its assets (2010: Pledged properties and pledged prepaid lease payments approximately US$13.9 million and US$7.2 million respectively) to secure its borrowings

Contingent Liabilities

As at 31 December 2011, neither the Group nor the Company has any significant contingent liabilities (2010: Nil).

Employees and Remuneration Policy

For the year ended 31 December 2011, average number of employees of the Group was approximately 100 (2010: approximately 500). For the year ended 31 December 2011, the Group's staff costs (including Directors' fees and emoluments) amounted to approximately US$1.8 million (2010: approximately US$3.3 million). The remuneration policy of the Company is reviewed annually and is in line with the prevailing market practice. During the year ended 31 December 2011, the Company did not grant any share options to the Directors and employees of the Group under the share option scheme of the Company adopted on 5 July 2005.

6. 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 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. It is OFDM based, and can readily interact with other OFDM technologies such as 3G, 4G based on Institute of Electrical and Electronics Engineers standards 802.16(e) and 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.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Basis of Preparation of the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Group

Pursuant to a sale and purchase agreement dated on 23 May 2014 and supplemental agreement dated on 14 October 2014 (the "Share Purchase Agreement") entered into between CMMB Vision Holdings Limited (the "Company") and Chi Capital Holdings Limited ("Chi Capital") pursuant to which the Company would acquire 79% of the interest in Chi Vision USA Corporation (the "Chi Vision") at a total consideration of US$77,480,000, out of which US$8,020,706 would be offset by the deposit paid by the Company and its subsidiaries (collectively referred to as the "Group") to New York Broadband Holding Ltd. (the "NYBB") pursuant to the several memoranda of understanding entered into by the Group and NYBB as disclosed in the announcements of the Company dated 5 September 2013, 3 October 2013, 6 November 2013 and 15 November 2013 (the "MOUs"), US$26,159,294 will be payable upon completion, which will be funded by the proceeds from the Rights Issue, US$38,000,000 will be paid by way of the Company issuing the convertible notes with a total principal amount of US$38,000,000 (the "Convertible Notes") upon the date of completion of the acquisition (the "Completion Date"), and US$5,300,000 will be paid by way of the Company issuing the another convertible notes with a total principal amount of US$5,300,000 (the "LA Convertible Notes") upon the Completion Date (collectively referred to as the "Acquisition").

The financial year end period of both the Group and Chi Vision (the "Enlarge Group") is 31 December and the period prepared for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group follows the financial year end of the Group, i.e. year ended 31 December 2013. The statement of financial position of the Chi Vision set out in Appendix IIA is 30 June 2014 and the preparation of the unaudited pro forma consolidated statement of financial position of the Enlarged Group is 30 June 2014, which follows the latest interim period end of the Group (collectively referred to as the "Unaudited Pro Forma Financial Information").

The Unaudited Pro Forma Financial Information is prepared to provide information of the Enlarged Group as a result of the completion of the Acquisition on the basis set out in the notes below for illustrating the effect of the Acquisition, as if the Acquisition had taken place on 30 June 2014 for the preparation of the unaudited pro forma consolidated statement of financial position. For the preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, it is prepared as if the Acquisition had taken place on 1 January 2013. The directors of the Company consider that such basis is appropriate for reflecting the accounting treatment to be adopted upon completion of the Acquisition and providing the relevant information to the shareholders of the Company.

The information is prepared for illustrative purposes only and because of its hypothetical nature, it does not purport to represent what the results and cash flows, or financial position of the Enlarged Group would have been upon completion of the Acquisition, for any future periods or on any future dates.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2014 are prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2014 as extracted from the condensed consolidated financial statements of the Group for the six months ended 30 June 2014 and (ii) the audited statement of financial position of the Chi Vision as at 30 June 2014 as extracted from the Accountants' Report of Chi Vision set out in Appendix IIA to this Circular, after making pro forma adjustments that are directly attributable to the Acquisition and factually supportable, as if the Acquisition had taken place on 30 June 2014.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2013 are prepared based on (i) the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2013 as extracted from the consolidated financial statements of the Group for the year ended 31 December 2013 and (ii) the audited statement of profit or loss and other comprehensive income and the audited statement of cash flows of the Chi Vision for the period ended 30 June 2014 as extracted from the Accountants' Report of Chi Vision set out in Appendix IIA to this Circular, after making pro forma adjustments that are directly attributable to the Acquisition and factually supportable, as if the Acquisition had completed on 1 January 2013.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group as at 30 June 2014	Chi Vision as at 30 June 2014	Pro forma adjustments	Notes	Unaudited pro forma for the Enlarged Group as at 30 June 2014
	US$	*US$*	*US$*		*US$*
	(Unaudited)	*(Audited)*			
	(Note 1)	*(Note 3)*			
Non-current assets					
Property, plant and equipment	39,517	—			39,517
Intangible assets	23,690,674	—	98,075,950	5	121,966,366
			199,742	6	
Deposits for the acquisition of intangible assets	11,020,706	—	(8,020,706)	4	3,000,000
Amount due from a related company	1,562,885	—			1,562,885
	36,313,782	—			126,568,768
Current assets					
Trade and other receivables	1,856,057	—			1,856,057
Bank balances and cash	3,517,468	—	(26,159,294)	4	(22,841,568)
			(199,742)	6	
Derivative financial instrument	—	—	2,376,000	4	2,376,000
	5,373,525	—			(18,609,511)
Less: Current liabilities					
Trade and other payables	6,630,217	—			6,630,217
Net current liabilities	(1,256,692)	—			(25,239,728)
Total assets less current liabilities	35,057,090	—			101,329,040

	The Group as at 30 June 2014	Chi Vision as at 30 June 2014	Pro forma adjustments	Notes	Unaudited pro forma for the Enlarged Group as at 30 June 2014
	US$	*US$*	*US$*		*US$*
	(Unaudited)	*(Audited)*			
	(Note 1)	*(Note 3)*			
Less: Non-current liabilities					
Convertible notes	4,792,989	—	26,632,000	4	31,424,989
Derivative financial instruments of convertible notes	2,515,127	—			2,515,127
Amount due to a director	47,580	—			47,580
Deferred tax liabilities	—	—	2,750,220	4	2,750,220
	7,355,696	—			36,737,916
Net assets	27,701,394	—			64,591,124
Capital and reserves					
Share capital	11,886,592	—			11,886,592
Share premium and reserves	5,332,579	—	16,293,780	4	21,626,359
Equity attributable to owners of the Company	17,219,171	—			33,512,951
Non-controlling interests	10,482,223	—	20,595,950	5	31,078,173
Total equity	27,701,394	—			64,591,124

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

	The Group for the year ended 31 December 2013	Chi Vision for the period ended 30 June 2014	Pro forma adjustments	Notes	Unaudited pro forma for the Enlarged Group for the year ended 31 December 2013
	US$	*US$*	*US$*		*US$*
	(Audited)	*(Audited)*			
	(Note 2)	*(Note 3)*			
Revenue	713,774	—			713,774
Cost of sales	(652,695)	—			(652,695)
Gross profit	61,079	—			61,079
Other income	80	—			80
Administrative expenses	(1,051,387)	—			(1,051,387)
Advertising expenses	(38,170)	—			(38,170)
Other expenses	(903,504)	—			(903,504)
Other gains and losses	2,517,131	—			2,517,131
Finance costs	(819,380)	—	(2,240,550)	7	(3,059,930)
Loss before tax	(234,151)	—			(2,474,701)
Income tax expense	(59,000)	—	369,691	7	310,691
Loss for the year and total comprehensive expense	(293,151)	—			(2,164,010)
Profit/(loss) for the year and total comprehensive income/(expense) attributable to:					
- Owners of the Company	212,481	—	(1,870,859)	7	(1,658,378)
- Non-controlling interests	(505,632)	—			(505,632)
	(293,151)	—			(2,164,010)

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

	The Group for the year ended 31 December 2013	Chi Vision for the period ended 30 June 2014	Pro forma adjustments	Notes	Unaudited pro forma for the Enlarged Group for the year ended 31 December 2013
	US$	*US$*	*US$*		*US$*
	(Audited)	*(Audited)*			
	(Note 2)	*(Note 3)*			
OPERATING ACTIVITIES					
Loss before tax	(234,151)	—	(2,240,550)	7	(2,474,701)
Adjustments for:					
Amortisation of intangible assets	306,345	—			306,345
Finance costs	819,380	—	2,240,550	7	3,059,930
Depreciation of property, plant and equipment	19,292	—			19,292
Change in fair value of derivative components of convertible notes	(2,517,131)	—			(2,517,131)
Interest income	(80)	—			(80)
Operating cash flows before movements in working capital	(1,606,345)	—			(1,606,345)
Increase in trade and other receivables	(253,174)	—			(253,174)
Decrease in trade and other payables	(78,635)	—			(78,635)
NET CASH USED IN OPERATING ACTIVITIES	(1,938,154)	—			(1,938,154)
INVESTING ACTIVITIES					
Proceeds paid for the acquisition of Chi Vision	—	—	(26,159,294)	4	(26,159,294)
Transaction costs paid for the acquisition of Chi Vision	—	—	(199,742)	6	(199,742)
Deposits paid for the acquisition of intangible assets	(11,020,706)	—			(11,020,706)
Purchase of property, plant and equipment	(59,275)	—			(59,275)
Interest received	80	—			80
NET CASH USED IN INVESTING ACTIVITIES	(11,079,901)	—			(37,438,937)

	The Group for the year ended 31 December 2013	Chi Vision for the period ended 30 June 2014	Pro forma adjustments	Notes	Unaudited pro forma for the Enlarged Group for the year ended 31 December 2013
	US$	*US$*	*US$*		*US$*
	(Audited)	*(Audited)*			
	(Note 2)	*(Note 3)*			
FINANCING ACTIVITIES					
Proceeds from issue of shares	12,847,987	—			12,847,987
Advance from a related company	2,115,011				2,115,011
Deposits received for a share placement	319,332	—			319,332
Advance from a director	48,746	—			48,746
Repayment to a related company	(1,849,937)	—			(1,849,937)
Repayment to a director	(375,946)	—			(375,946)
Costs related to shares issued	(32,787)	—			(32,787)
NET CASH FROM FINANCING ACTIVITIES	13,072,406	—			13,072,406
NET INCREASE/(DECREASE) IN CASH AND CASH			(199,742)	6	
EQUIVALENTS	54,351	—	(26,159,294)	4	(26,304,685)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	822,877	—			822,877
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(73)	—			(73)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	877,155	—			(25,481,881)

Notes:

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

The adjustments reflected the followings:

1. The amounts are extracted from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014.

2. The amounts are extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2013.

3. The amounts are extracted from the Accountants' Report of Chi Vision set out in Appendix IIA to this Circular.

4. The consideration for the Acquisition to be satisfied by the Company amounted to approximately US$77,480,000. The consideration is to be satisfied by:

	US$
Cash *(Note (a))*	34,180,000
Issue of Convertible Notes *(Note (b))*	38,000,000
Issue of LA Convertible Notes *(Note (b))*	5,300,000
	77,480,000

Convertible Notes

The adjustment reflects the issuance of the Convertible Notes in the principal amount of US$38,000,000, assuming it had taken place on 30 June 2014. The Convertible Notes bear no interest and are convertible into shares at HK$0.10 per share (as adjusted by the conversion price adjustment after the rights issue). At the date of initial recognition, the liability component of its measured at its pro forma fair value of approximately US$23,399,000 and the difference of approximately US$14,601,000 represent the equity component. Deferred tax liabilities of approximately US$2,409,165 has been recognised upon the initial recognition of the Convertible Notes and is charged against equity in the convertible notes reserve. Redemption option of approximately US$2,290,000, estimated with reference to an independent valuation report, has been recognised upon the initial recognition of the Convertible Notes and is credited against equity in the convertible notes reserve. The pro forma fair value of the liability component is determined based on the present value of the estimated future cash flows discounted at an effective interest rate of 8.41% per annum. The equity component is presented as convertible notes reserve in equity, whereas the liability component is classified under non-current liabilities at 30 June 2014.

LA Convertible Notes

The adjustment reflects the issuance of the LA Convertible Notes in the principal amount of US$5,300,000, assuming it had taken place on 30 June 2014. The LA Convertible Notes bear no interest and are convertible into shares at HK$0.473 per share. At the date of initial recognition, the liability component of its measured at its pro forma fair value of approximately US$3,233,000 and the difference of approximately US$2,067,000 represent the equity component. Deferred tax liabilities of approximately US$341,055 has been recognised upon the initial recognition of the LA Convertible Notes and is charged against equity in the convertible notes reserve. Redemption option of approximately US$86,000, estimated with reference to an independent valuation report, has been recognised upon the initial recognition of the LA Convertible Notes and is credited against equity in the convertible notes reserve. The pro forma fair value of the liability component is determined based on the present value of the estimated future cash flows discounted at an effective interest rate of 8.41% per annum. The equity component is presented as convertible notes reserve in equity, whereas the liability component is classified under non-current liabilities at 30 June 2014.

Notes:

(a) US$34,180,000 of the consideration for the acquisition will be paid by cash, out of which approximately US$8,020,706 would be offset by the deposit paid by the Group to New York Broadband Holding Ltd. (the "NYBB") on during the year ended 31 December 2013, pursuant to the several MOUs entered into by the Group and NYBB as disclosed in the announcements of the Company dated 5 September 2013, 3 October 2013, 6 November 2013 and 15 November 2013, and net cash of approximately US$26,159,294 will be payable upon the Completion Date which will be funded by the proceeds from the rights issue as completed on 31 July 2014.

(b) For the purpose of the Unaudited Pro Forma Financial Information, it is assumed that the amount of approximately US$38,000,000 and US$5,300,000 have taken to be its fair value of the Convertible Notes and LA Convertible Notes respectively at its assumed date of issuance.

(c) The fair values of the Convertible Notes and LA Convertible Notes represent provisional amounts which are subject to change at completion date.

The fair value of redemption options represent provisional amounts which are subject to change at completion date and may be substantially different from this provisional amount used in this Unaudited Pro Forma Financial Information.

5. Chi Vision entered into an asset purchase option and time brokerage agreement/ancillary spectrum lease agreement dated 30 July 2014 (the "Spectrum Lease Agreement") with NYBB and New York Spectrum Holding Inc. The Spectrum Lease Agreement will be recognised as intangible assets upon completion of the Acquisition. In preparing the Unaudited Pro Forma Financial Information, it is assumed that the Spectrum Lease Agreement and the Acquisition has been completed on 30 June 2014.

Fair value of the intangible assets acquired is assumed as follows:

	US$
Consideration to acquire 79% equity interest in Chi Vision	77,480,000
Assumed consideration to acquire 100% equity interest in Chi Vision	98,075,950

The non-controlling interests (21%) in Chi Vision recognised at the acquisition date was measured by reference to the share of net asset of the non-controlling interests and amounted to approximately US$20,595,950.

The fair value of the assets acquired assumed represent provisional amounts which are subject to change at completion date and may be substantially different from this provisional amount used in this Unaudited Pro Forma Financial Information. For the purpose of the Unaudited Pro Forma Financial Information, the consideration of approximately US$77,480,000 has taken to be the fair value of the assets acquired.

The directors of the Company have reviewed the carrying value of intangible assets of the Enlarged Group which will arise from the Acquisition in accordance with Hong Kong Accounting Standard 36 Impairment of Assets ("HKAS 36"), taking into account the independent valuation report, carried out by Roma Appraisal Limited, an independent professional valuer. Taking into consideration of the assumptions stated in the valuation report and the latest market environment in the assessment of impairment of intangible assets in accordance with HKAS 36, the directors of the Company are of the opinion that there are no indications that the values of the intangible assets may be impaired, as shown in the Unaudited Pro Forma Financial Information of the Enlarged Group as at 30 June 2014. The reporting accountants of the Acquisition concurred with the assessment of impairment of intangible assets by the directors of the Company, in accordance with HKAS 36, in the unaudited pro forma statement of financial position of the Enlarged Group as at 30 June 2014.

6. The adjustment represents expenditures incurred directly to the Acquisition including financial advisor fees, legal fees, printing costs, accountants fees and other related expenses of approximately US$199,742. The transaction costs comprise as part of the cost of the intangible assets acquired and included in the unaudited pro forma consolidated statement of cash flows of the Enlarged Group.

7. The adjustment reflects the issuance of Convertible Notes and LA Convertible Notes in the principal amount of approximately US$38,000,000 and US$5,300,000 respectively assuming the subscription had taken place on 1 January 2013. The adjustment also reflects the recognition of interest expenses on Convertible Notes and LA Convertible Notes amounting to approximately US$1,968,558 and US$271,992 respectively calculated at an effective interest rate of 8.41% per annum and the recognition of deferred tax credit amounting to approximately US$324,812 and US$44,879 respectively, assuming the issuance of Convertible Notes and LA Convertible Notes had taken place on 1 January 2013.

The following is the text of a report received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the Group's Unaudited Pro Forma Financial Information for the purpose of incorporation in this Circular.

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

31 December 2014

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CMMB VISION HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited 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 unaudited pro forma financial information consists of the unaudited pro forma consolidated financial position as at 30 June 2014, unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2013 and related notes as set out in Section A of Appendix IV (collectively referred to as the "Unaudited Pro Forma Financial Information") of the investment circular issued by the Company dated 31 December 2014 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposal acquisition of 79% of the interest in Chi Vision on the Group's financial position as at 30 June 2014 and its financial performance and cash flows for the year ended 31 December 2013 as if the Acquisition had taken place at 30 June 2014 and 1 January 2013 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2014, on which a review report has been published, the Group's financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2013, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited 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 Unaudited 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 Unaudited 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 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 plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited 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 Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of Unaudited 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 30 June 2014 or 1 January 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited 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 Unaudited 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 Unaudited 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 Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited 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 Unaudited 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 Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong

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 upon the full conversion of the Convertible Notes and the LA Convertible Notes (*for illustrative purpose only)* will be, as follows:

	HK$ *(Nominal Value)*
Authorised share capital:	
5,000,000,000 Shares	500,000,000
Issued and fully paid share capital:	
3,770,498,890 Shares in issue	377,049,889.00
3,035,751,374 Shares in aggregate to be issued upon the full conversion of the Convertible Notes and the LA Convertible Notes (for illustrative purpose only)[1]	303,575,137.40

Note 1: Nevertheless, pursuant to the terms of the Sale and Purchase Agreement, Chi Capital will only be able to convert the Convertible Notes and/or the LA Convertible Notes to the extent that (i) the public float of the Company would not fall below the Minimum Public Float and (ii) the Aggregate Beneficial Interest will not be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant Convertible Notes and/or LA Convertible Notes triggering the obligation on the part of the holder of the Convertible Notes and/or LA Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code.

All the Shares in issue rank, pari passu in all respects with each other including rights to dividends, voting and return of capital. The Conversion 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.

Pursuant to the terms of the Sale and Purchase Agreement, the Acquisition, the issuance and/or the conversion of the Convertible Notes and/or the LA Convertible Notes will not result in a change of control of the Company.

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	Ms. Chan Pui Yee Janice *Member of Hong Kong Institute of Certified Public Accountants*
Authorised representatives	Mr. Wong Chau Chi Ms. Chan Pui Yee Janice
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

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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or 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)*	1,103,431,352	29.26%

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

Chi Capital is also interested in the Existing Convertible Notes.

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 to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of substantial shareholders and others' interest 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)*	1,103,431,352(L)	29.26%
He Wei	Beneficial owner	224,519,197(L)	5.95%

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.

Experts' Interests in the Company

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

Save for the Acquisition as disclosed in this circular, 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 save for Mr. Wong Chau Chi's interest in the Sale and Purchase Agreement as disclosed in this circular, 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)).

Competing interests

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

MATERIAL CONTRACTS

As at the Latest Practicable Date, the following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the issue of this circular:

(i) the Sale and Purchase Agreement;

(ii) the Supplemental Agreement;

(iii) the underwriting agreement dated 4 April 2014 entered into by and among the Company, President Securities and Chi Capital;

(iv) the sub-underwriting letter dated 23 May 2014 entered into by and among the Company, Chi Capital, Yu Chi Investment Ltd., Mr. He Wei and Refined Honour Ltd.;

(v) the Share Purchase Agreement dated 1 December 2014 entered into by and among the Company and Soaring Idea Holdings Limited.

LITIGATION

Neither the Company nor any of its Subsidiaries is engaged in any litigation, arbitration or claims 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
Roma Appraisals Limited	Professional valuer
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.

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. up to and including 23 January 2015, being the date of the EGM:

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

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

(c) the interim report of the Company for the six months ended 30 June 2014;

(d) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(e) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

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

(g) the accountants' report on the financial information of Chi Vision issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix IIA to this circular;

(h) the valuation report issued by Roma Appraisals Limited, the text of which is set out in Appendix I to this circular;

(i) the Underwriting Agreement;

(j) the Chi Sub-underwriting Agreement;

(k) the Sale and Purchase Agreement;

(l) the Supplemental Agreement;

(m) Each of the MOUs, the LA MOU, the Lease Agreement and the LA Lease Agreement as referred to in the Letter from the Board in this circular;

(n) this circular; and

(o) 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 ("**Meeting**") of the above mentioned company ("**Company**") will be held at 10:00 a.m. on Friday, 23 January 2015 at The American Club, Floor 48, Exchange Square Two, Central, Hong Kong, for the purposes of considering and, if thought fit, passing the following resolution as ordinary resolutions:

ORDINARY RESOLUTIONS

"**THAT**:

(a) (i) the Sale and Purchase Agreement and the Supplemental Agreement (copies of which are tabled at the meeting, marked "A" and "B" respectively and signed by the chairman of the meeting ("**Chairman**") for the purpose of identification) and the connected transaction (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) contemplated thereunder, be and are hereby approved, confirmed and ratified;

(ii) any one director ("**Director(s)**") and/or the company secretary of the Company be and are hereby authorised to perform all such acts, deeds and things and execute all documents as they consider necessary or expedient to effect and implement the Sale and Purchase Agreement, the Supplemental Agreement and the connected transaction contemplated thereunder. For the avoidance of doubt, all such acts, deeds and things and such documents to be performed or executed are limited to acts, deeds, things and documents that are ancillary to the Sale and Purchase Agreement and/or the Supplemental Agreement and of administrative nature.

(b) conditional upon the passing of ordinary resolution (a), and the Listing Division of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in the Conversion Shares (as defined in the circular dated 31 December 2014 of the Company ("**Circular**"), a copy of the Circular marked "C" has been submitted to the meeting and signed by the Chairman for the purpose of identification), the grant of a specific mandate to the board of Directors for the allotment and issue of the Conversion Shares be and are hereby approved."

As at the date hereof, Chi Capital, which is wholly-owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board, held 1,103,431,352 Shares. At the EGM, Mr. Wong Chau Chi and his associates, including Chi Capital, are required to abstain from voting in relation to resolution of approving the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate.

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

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

Hong Kong, 31 December 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 Shops 1712-1716, 17th 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 31 December 2014.