**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**



CMMB VISION

# CMMB VISION HOLDINGS LIMITED
# 中 國 移 動 多 媒 體 廣 播 控 股 有 限 公 司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 471)**

# (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.1 PER RIGHTS SHARE
# (2) ONE BONUS SHARE FOR EVERY ONE RIGHTS SHARE TAKEN UP UNDER THE RIGHTS ISSUE
# (3) CHANGE IN BOARD LOT SIZE
# AND
# (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

VEDA | CAPITAL
智 略 資 本

A notice of EGM to be held at 10:00 a.m. on Tuesday, 15 March 2016 at Video Conferencing Room, Level 3, Core C. Cyberport 3, 100 Cyberport Road, Hong Kong is set out on pages IV-1 to IV-2 of this circular. You are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

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

It is expected that Shares will be dealt with on an ex-rights basis from 17 March 2016. The Rights Shares will be dealt with in their nil-paid form from 29 March 2016 to 6 April 2016. Any person dealing in Shares or Rights Shares between the date of this circular and the date the Rights Issue becomes unconditional will bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue, the Bonus Shares and the Underwriting Agreement is set out on pages 34 to 51 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Rights Issue, the Bonus Shares and the Underwriting Agreement is set out on pages 32 to 33 of this circular.

29 February 2016

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

| | | |
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| "Acceptance Date" | : | 11 April 2016, being the latest date on which the Rights shares are accepted and paid for, which is a date falling not later than 15 days after the Posting Date (or such other date as the Underwriter and the Company may agree from time to time in writing) |
| "Announcement" | : | the announcement of the Company dated 29 January 2016, among other things, the Rights Issue, the Bonus Share and the Underwriting Agreement |
| "Board" | : | the board of Directors |
| "Bonus Share(s)" | : | means the Share(s) to be allotted and issued on the basis of one (1) Bonus Share for every one (1) Rights Share taken up under the Right Issue |
| "Business Day" | : | any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong |
| "CCASS" | : | the Central Clearing and Settlement System established and operated by HKSCC |
| "Chi Capital" | : | Chi Capital Holdings Ltd, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board, being a substantial Shareholder holding 1,576,891,352 Shares as at the Latest Practicable Date |
| "Chi Capital Portion" | : | up to 447,500,000 Untaken Shares which Chi Capital has agreed to take up |
| "Chi Sub-underwriters" | : | Mega Wealth Group Ltd and other four independent third parties, as sub-underwriters in the Rights Issue pursuant to the Chi Sub-underwriting Letters |
| "Chi Sub-underwriting Letters" | : | sub-underwriting letters entered into by and between the Company, Chi Capital and each of the Chi Sub-underwriters respectively |

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| "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, with effect from 3 March 2014, as amended and supplemented from time to time |
| "Companies (WUMP) Ordinance" | : | the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, with effect from 3 March 2014 |
| "connected person(s)" | : | has the meaning ascribed thereto under the Listing Rules |
| "controlling shareholder" | : | has the meaning ascribed thereto under the Listing Rules |
| "Convertible Notes" | : | Hong Kong dollar denominated convertible notes in the principal amount of US$33,635,052 issued by the Company to Chi Capital on 22 July 2015 |
| "Director(s)" | : | the director(s) of the Company |
| "EGM" | : | the extraordinary general meeting of the Company to consider, and, if thought fit, to approve, among other things, the Rights Issue and the Underwriting Agreement |
| "Excluded Shareholder(s)" | : | those Overseas Shareholders who, in the opinion of the Directors based on enquiry made in compliance with the Listing Rules, are necessary or expedient to be excluded from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside |
| "Group" | : | the Company and its Subsidiaries |
| "HK$" | : | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "Hong Kong" | : | the Hong Kong Special Administrative Region of the PRC |
| "HKSCC" | : | Hong Kong Securities Clearing Company Limited |
| "Independent Board Committee" | : | an independent committee of the Board, comprising Mr. Wang Wei-Lin, Mr. Li Shan and Dr. Li Jun, all being independent non-executive Directors, which has been established by the Board to advise the Independent Shareholders on the terms of the Rights Issue, the Bonus Shares and the Underwriting Agreement |

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| "Independent Financial Adviser" | : | Veda Capital Limited, a licensed corporation under the SFO licensed to conduct Type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Bonus Shares and the Underwriting Agreement |
| "Independent Shareholders" | : | the Shareholders other than (i) Chi Capital and (ii) those who are involved in or interested in the Rights Issue and the Underwriting Agreement |
| "Independent Third Party/ies" | : | third party/ies and their ultimate beneficial owner(s) which is/are independent of the Company and their respective connected persons |
| "Irrevocable Undertaking" | : | means the undertaking granted by Chi Capital in favour of the Company, the terms of which are set out in the sub-section headed "Letter from the Board — Irrevocable Undertaking from Chi Capital" in this circular |
| "Latest Practicable Date" | : | 25 February 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular |
| "Listing Committee" | : | has the meaning ascribed thereto in the Listing Rules |
| "Listing Rules" | : | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Overseas Shareholder(s)" | : | those persons whose addresses as shown on the register of members of the Company on the Record Date are resident in a place outside Hong Kong |
| "Posting Date" | : | the date on which the dispatch of the Prospectus Documents takes place, which is currently expected to be 23 March 2016 |
| "PRC" | : | the People's Republic of China |
| "Pre-Listing Share Option Scheme" | : | the share options scheme of the Company adopted on 5 July 2005 |
| "Prospectus" | : | the prospectus to be dispatched to shareholders of the Company on the Posting Date in connection with the Rights Issue, in a form to be agreed between the Company and the Underwriter |
| "Prospectus Documents" | : | means the Prospectus and the Provisional Allotment Letter |

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| "Provisional Allotment Letter(s)" | : | the provisional allotment letter in respect of the Rights Issue to be issued to the Qualifying Shareholders, in such a form to be agreed between the Company and the Underwriter (it being acknowledged that this shall be based on a market standard precedent) |
| "Qualifying Shareholder(s)" | : | the persons shown on the register of members of the Company on the Record Date, other than the Excluded Shareholders as the date by reference to which provisional allotment of Rights Shares will be made |
| "Record Date" | : | 21 March 2016, being the Posting Date (or such other date as the Underwriter and the Company may agree from time to time in writing) |
| "Rights Issue" | : | the proposed offer of the Rights Shares at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus and the Provisional Allotment Letter and as described in this circular |
| "Rights Shares" | : | not less than 6,253,189,277 and not more than 6,263,404,189 new Shares to be issued pursuant to the Rights Issue on the basis of one (1) Rights Share for every one (1) Share in issue on the Record Date |
| "Settlement Date" | : | 12 April 2016, being the date being the third Business Day following the Acceptance Date |
| "SFC" | : | the Securities and Futures Commission of Hong Kong |
| "SFO" | : | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "Share Options" | : | outstanding share options granted under the Pre-Listing Share Option Scheme with details as disclosed in note 17 of the 2015 Interim Report |
| "Share Registrar" | : | the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong |
| "Share(s)" | : | share(s) of HK$0.10 each in the authorised share capital of the Company |
| "Shareholder(s)" | : | holder(s) of Share(s) |
| "Stock Exchange" | : | The Stock Exchange of Hong Kong Limited |

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| "Subscription Price" | : | HK$0.1 per Rights Share |
| "Subsidiaries" | : | has the meaning given to the term "subsidiary" in section 15 of the Companies Ordinance |
| "Underwriter" | : | Chi Capital |
| "Underwriting Agreement" | : | the underwriting agreement entered into, inter alia, between the Company and the Underwriter dated 29 January 2016 in relation to the Rights Issue |
| "Underwritten Shares" | : | all the Rights Shares other than the Rights Shares to be subscribed by Chi Capital pursuant to the Irrevocable Undertaking |
| "Untaken Shares" | : | any of the Underwritten Shares in respect of which valid acceptances of provisional allotments, accompanied by remittances for the relevant amounts payable on acceptance or application, have not by then been received either on acceptances of provisional allotments (all of which said applications the Company undertakes with the Underwriter to accept before calling upon the Underwriter to perform its obligations imposed by the Underwriting Agreement provided that they have been submitted in accordance with the terms and conditions set out in the Prospectus Documents) |
| "US" | : | the United States of America |
| "US$" | : | US dollar, the lawful currency of US |
| "%" | : | per cent |

**Termination of the Underwriting Agreement**

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

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

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

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

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

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

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

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

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

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

Upon the giving of notice pursuant to the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises such right, he Rights Issue will not proceed.

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

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| Latest date for return of proxy form of the EGM | : | 10:00 a.m. on 13 March 2016 |
| Date and time of the EGM | : | 10:00 a.m. on 15 March 2016 |
| Announcement of poll results of the EGM | : | 15 March 2016 |
| Last day of dealing in Shares on a cum-rights basis | : | 16 March 2016 |
| First day of dealing in Shares on an ex-rights basis | : | 17 March 2016 |
| Latest time for lodging transfer of Shares in order to qualify for the Rights Issue | : | 4:30 p.m. on 18 March 2016 |
| Register of members of the Company closes | : | 21 March 2016 |
| Record Date | : | 21 March 2016 |
| Register of members of the Company re-opens | : | 22 March 2016 |
| Despatch of the Prospectus Documents | : | 23 March 2016 |
| First day of dealings in nil-paid Rights Shares in board lots of 20,000 Shares each | : | 9:00 a.m. on 29 March 2016 |
| Latest time for splitting of nil-paid Rights Shares in board lots of 20,000 Shares each | : | 4:30 p.m. on 31 March 2016 |
| Last day of dealings in nil-paid Rights Shares in board lots of 20,000 Shares each | : | 4:00 p.m. on 6 April 2016 |
| Latest time for acceptance of, and payment for the Rights Shares | : | 4:00 p.m. on 11 April 2016 |
| Rights Issue expected to become unconditional | : | 6:00 p.m. on 12 April 2016 |
| Last day of trading of Shares in board lots of 20,000 Shares each in the original counter | : | 14 April 2016 |
| Designated broker starts to stand in the market to provide for odd lots of Shares | : | 9:00 a.m. on 15 April 2016 |
| First day for free exchange of existing share certificates in board lots of 20,000 Shares each for new shares certificates in board lots of 40,000 Shares each | : | 15 April 2016 |
| Announcement of results of acceptance of the Rights Issue | : | 15 April 2016 |
| Effective date of change of board lot size from 20,000 to 40,000 Shares each | : | 15 April 2016 |
| Despatch of certificates for fully-paid Rights Shares on or before and return of cheques | : | 18 April 2016 |
| Commencement of dealings in fully-paid Rights Shares in board lots of 40,000 Shares each | : | 9:00 a.m. on 19 April 2016 |

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| Last day for the designated broker to provide matching services for odd lots of Shares | : | 4:00 p.m. on 10 May 2016 |
| Last day for free exchange of existing share certificates in board lots of 20,000 Shares each for new share certificates in board lots of 40,000 Shares each | : | 12 May 2016 |

*Notes:*

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

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

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

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 471)**

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

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

*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

29 February 2016

*To the Independent Shareholders*

Dear Sir or Madam,

## (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.1 PER RIGHTS SHARE (2) ONE BONUS SHARE FOR EVERY ONE RIGHTS SHARE TAKEN UP UNDER THE RIGHTS ISSUE (3) CHANGE OF BOARD LOT SIZE AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

### INTRODUCTION

As mentioned in the Announcement, subject to the satisfaction of certain conditions, the Company proposed to raise not less than approximately HK$625.32 million and not more than approximately HK$626.34 million before expenses by way of issue of not less than 6,253,189,277 and not more than 6,263,404,189 new Shares pursuant to the Rights Issue on the basis of one Rights Share for every one Share in issue on the Record Date at the Subscription Price of HK$0.1 per Rights Share, which equals to the par value of a Share. It is also proposed to allot and issue the Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue. A Shareholder will acquire two new Shares for HK$0.1 in respect of each Share held on the Record Date. On the basis of provisional allotment of one Rights Share for every one Share held by the Qualifying Shareholders on the Record Date and one Bonus Share for every one Rights Share taken up under the Rights Issue, no fractional entitlements to the Rights Shares under the Rights Issue will arise. Fractional entitlements to the Bonus Shares will not be allotted and will not be issued. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK$618.47 million, assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date.

The Rights Issue will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite on the following basis: (i) firstly, out of all the Untaken Shares Chi Capital shall take up to 447,500,000 Untaken Shares, equivalent to HK$44,750,000 (which is the Chi Capital Portion); and (ii) if there is any balance of the Untaken Shares after deducting the Chi Capital Portion, they shall be taken up by sub-underwriters procured by Chi Capital.

The Shares are currently traded in board lots of 20,000 Shares each. The Board proposes to change the board lot size for trading in the Shares on the Stock Exchange from 20,000 Shares to 40,000 Shares.

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

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

## RIGHTS ISSUE WITH THE BONUS SHARES

The Company proposed to raise not less than approximately HK$625.32 million and not more than approximately HK$626.34 million before expenses by way of issue of not less than 6,253,189,277 and not more than 6,263,404,189 new Shares pursuant to the Rights Issue on the basis of one Rights Share for every one Share in issue on the Record Date at the Subscription Price of HK$0.1 per Rights

Share. It is also proposed to allot and issue Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue. A Shareholder will acquire two new Shares for HK$0.1 in respect of each Share held on the Record Date. Particulars of the Rights Issue and the Bonus Share are as follows.

**Issue statistics**

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| Basis of the Rights Issue | : one (1) Rights Share for every one (1) existing Share any Qualifying Shareholder holds at the close of business on the Record Date together with one (1) Bonus Share for every one (1) Rights Share taken up under the Rights Issue |
| Subscription Price | : HK$0.1 per Rights Share |
| Number of Shares in issue as at the Latest Practicable Date | : 6,253,189,277 Shares |
| Number of Rights Shares | : not less than 6,253,189,277 (assuming no further issue of new Shares on or before the Record Date) and not more than 6,263,404,189 new Shares (assuming all the outstanding Share Options are exercised and no other issue of new Shares on or before the Record Date) to be issued pursuant to the Rights Issue on the basis of one (1) Rights Share for every one (1) Share in issue on the Record Date |
| Number of Bonus Shares | : not less than 6,253,189,277 and not more than 6,263,404,189 new Shares to be issued on the basis of one (1) Bonus Share for every one (1) Rights Share taken up under the Rights Issue |
| Enlarged issued share capital upon completion of the Rights Issue and the Bonus Shares | : not less than 18,759,567,831 Shares (assuming no further issue of new Shares on or before the Record Date) and not more than 18,790,212,567 Shares (assuming all the outstanding Share Options are exercised and no other issue of new Shares on or before the Record Date) |

As at the Latest Practicable Date, save as (i) the Share Options granted under the Pre-Listing Share Option Scheme of the Company entitling the holders to subscribe for a total of 10,214,912 Shares upon full exercise of such options (details as disclosed in note 17 of the 2015 Interim Report) ; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 2,285,751,374 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares. The Convertible Notes comprise two portions, with a conversion price of HK$0.1 per Share for one portion ("**CN1**") and a conversion price of HK$0.473 for the other portion ("**CN2**"). The total number of new Shares which may be issued pursuant to CN1 and CN2 is 2,285,751,374 Shares, comprising 2,198,800,000 Shares from CN1 and 86,951,374 Shares from CN2.

Chi Capital has irrevocably undertaken to the Company that it shall not convert the whole or any part of the Convertible Notes into Shares at any time prior to the completion of the Rights Issue. As a result of the Rights Issue, there are no adjustments on the number of conversion shares or conversion price of CN1 as pursuant to the terms of the Convertible Notes, the conversion price of HK$0.1 of CN1 cannot be adjusted downwards to below HK$0.1 which is the par value of a Share. The Rights Issue will give rise to an adjustment to the conversion price of CN2 pursuant to the terms of the Convertible Notes. Upon the completion of the Rights Issue and the issue of the Bonus Shares, the conversion price of CN2 will be adjusted which will be further annouced by the Company.

Assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the Rights Shares to be issued pursuant to the terms of the Rights Issue and the Bonus Shares to be issued together represent 200% of the existing issued share capital of the Company and 66.6% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue and the issue of the Bonus Shares.

**Subscription Price**

The subscription price of HK$0.1 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

(i) a premium of approximately 9.89% to the closing price of HK$0.091 per Share as quoted on the Stock Exchange on 29 January 2016, being the last trading day prior to the date of the Underwriting Agreement;

(ii) a premium of approximately 23.46% to the average closing price of approximately HK$0.081 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 29 January 2016;

(iii) a premium of approximately 57.07% to the theoretical ex-rights price of approximately HK$0.064 per Share based on the closing price as quoted on the Stock Exchange on 29 January 2016.

A Shareholder will acquire two new Shares for HK$0.1 in respect of each Share held on the Record Date, indicating an effective subscription price of HK$0.05 per new Share (the "**Effective Subscription Price**"). The Effective Subscription Price represents a discount of approximately 18% to the closing price of HK$0.061 per Share as at the Latest Practicable Date.

The Company currently has no intention or plan to conduct any share consolidation as the Company considers that the recent drop in share price of the Company is only a short term market fluctuation and may be recovered in the remaining period of the year.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the recent market prices of Shares and market conditions before the announcement of the Rights Issue. It is equal to the par value of a Share which is the minimum price at which any new Shares may be issued, according to the articles of association of the Company. Each

Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Dates, the Directors (excluding the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider the Subscription Price and the structure of the Rights Issue and the Bonus Share to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Status of the Rights Shares and the Bonus Shares**

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

**Qualifying Shareholders**

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on 18 March 2016. It is expected that the last day of dealings in Shares on a cum-rights basis is 16 March 2016 and Shares will be dealt with on an ex-rights basis from 17 March 2016.

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

**Excluded Shareholders**

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

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

The Company shall provisionally allot Rights Shares which would be provisionally allotted to the Excluded Shareholders had they been Qualifying Shareholders to an independent person nominated by the Company, who is not a connected person of the Company, in nil-paid form and shall by no later than the close of business on the Posting Date advise the Underwriter of the Rights Shares which have been so allotted.

**Fractional entitlement to the Rights Shares and the Bonus Shares**

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

**No application for excess Rights Shares**

The Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, the Company considers that if application for excess Rights Shares is arranged, the Company would be required to put in additional administrative effort and costs to administer the excess Rights Shares application procedures. Additional costs will be involved in producing the excess application forms which may lead to printing and dispatch costs. Additional processing by the registrar may also involve an increase in fees. The estimated costs for excess application are approximately HK$200,000. Given the discount of the Effective Subscription Price to the prevailing market price of the Shares, the Board expects that the Rights Issue would have a relatively high level of acceptance, hence the amount of excess Rights Shares is not expected to be significant. Accordingly, the Board has decided that no excess Rights Shares will be offered to the Qualifying Shareholders and any Untaken Shares will be underwritten by the Underwriter. As the related administration costs would be lowered, the Directors consider that the absence of application for excess Rights Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Application for listings**

The Company will apply to the Listing Committee for the listings of, and permission to deal in, (i) the Rights Shares in both nil-paid and fully-paid forms; and (ii) the Bonus Shares. The nil-paid Rights Shares will be traded in board lots of 20,000 each. The fully-paid Rights Shares and the Bonus Shares shall have the same board lot size as the Shares with effect from 15 April 2016, i.e. 40,000 Shares in one board lot.

It is expected that the Rights Shares will be dealt with in their nil-paid form from 29 March 2016 to 6 April 2016. Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms and the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms and the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms and the commencement date of dealings in the Bonus Shares, respectively, on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms and the Bonus Shares to be admitted into CCASS.

**Share certificates for the Rights Issue and the Bonus Share**

Subject to the fulfilment of the condition of the Rights Issue, share certificates for all fully-paid Rights Shares and Bonus Shares are expected to be posted to those entitled thereto by 18 April 2016 by ordinary post at their own risk.

**Condition of the Rights Issue and the Bonus Share**

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

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

**Irrevocable undertaking from Chi Capital**

Chi Capital, which was interested in 1,576,891,352 Shares as at the Latest Practicable Date representing approximately 25.22% of the existing issued Shares, has irrevocably undertaken to the Company that:

(a) to subscribe or procure the subscription of the 1,576,891,352 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Chi Capital pursuant to the terms of the Rights Issue;

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

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

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

(e) Chi Capital shall not convert the whole or any part of the Convertible Notes into Shares at any time prior to the completion of the Rights Issue.

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

**The Underwriting Agreement**

Date: 29 January 2016

Parties:

(i) the Company; and

(ii) Chi Capital (as the Underwriter)

Number of the Underwritten Shares:

The Underwriter has conditionally and severally agreed pursuant to the Underwriting Agreement to underwrite the Underwritten Shares, being not less than 4,676,297,925 and not more than 4,686,512,837 Rights Shares, at the Subscription Price, being the total number of Rights Shares under the Rights Issue excluding 1,576,891,352 Rights Shares undertaken to be subscribed by Chi Capital pursuant to the irrevocable undertaking mentioned above.

The Underwriter will subscribe or procure subscribers for the Untaken Shares on the following basis:

(i) firstly, out of all the Untaken Shares Chi Capital shall take up to 447,500,000 Untaken Shares, equivalent to HK$44,750,000 (which is the Chi Capital Portion); and

(ii) if there is any balance of the Untaken Shares after deducting the Chi Capital Portion, they shall be taken up by sub-underwriters procured by Chi Capital.

Fees, commission and expenses:

In consideration of two of the Sub-underwriters providing underwriting services under the Chi Sub-underwriting Letters to the Company in relation to the Rights Issue, and subject to the due performance by these two Sub-underwriters of their obligations under the Chi Sub-underwriting Letters, irrespective of whether or these two Sub-underwriters are called upon to subscribe or procure subscribers for any of the Underwritten Shares, the Company shall pay to HK$5,400,000, an aggregate underwriting commission at the rate of 3% of the aggregate Subscription Price of these two Sub-underwriters' commitment. Chi Capital and the other Sub-underwriters will not be entitled to any underwriting commission or fees.

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

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

The commission rate was determined after arm's length negotiation between the Company and these two Sub-underwriters by reference to, among other things, the size of the Rights Issue and the current and expected market conditions. In view of these factors and the arrangement and the terms of the Chi Sub-underwriting Letters are on normal commercial terms, the Directors consider the terms of the Chi Sub-underwriting Letters including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Conditions of the Underwriting Agreement**

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

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

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

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

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

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

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

In the event that the above conditions (other than the condition (f)) have not been satisfied and/or waived in whole or in part by the Underwriter on or before the Posting Date or in the event that the condition (f) has not been satisfied on or before 4:00 p.m. on the Settlement Date (or in each case, such later date as the Underwriter and the Company may agree), all liabilities of the parties hereto shall cease and terminate and neither party shall have any claim against the other save that the Company shall indemnify the Underwriter for all reasonable costs, fees and other out of pocket expenses (excluding sub underwriting fees and related expenses) that have been properly incurred and documented in writing by the Underwriter in connection with the underwriting of the Underwritten

Shares. The Company shall use all reasonable endeavours to procure the fulfilment of the above conditions (to the extent it is within its power to do so), and shall do all things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue and the arrangements contemplated by the Underwriting Agreement.

**Termination of the Underwriting Agreement**

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

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

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

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

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

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

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

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

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

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

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

**Changes in the shareholding structure of the Company**

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

**Scenario 1**

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

| | **(1) As at the date of this announcement** | | **(ii) Immediately upon completion of the Rights Issue and issue of Bonus Shares** | | | |
|---|---|---|---|---|---|---|
| | | | **(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue** | | **(b) assuming full acceptance by Chi Capital but nil acceptance by other Qualifying Shareholders under the Rights Issue** | |
| | *No. of Shares* | *Approx. %* | *No. of Shares* | *Approx. %* | *No. of Shares* | *Approx. %* |
| Chi Capital *(Note1)* | 1,576,891,352 | 25.22 | 4,730,674,056 | 25.22 | 5,625,674,056 | 29.98 |
| Sub-underwriters: | | | | | | |
| Mega wealth Group Ltd | 50,000,000 | 0.8 | 150,000,000 | 0.8 | 3,707,595,850 | 19.76 |
| Independent Third Party | — | — | — | — | 600,000,000 | 3.20 |
| Independent Third Party | — | — | — | — | 600,000,000 | 3.20 |
| Independent Third Party | — | — | — | — | 1,800,000,000 | 9.60 |
| Independent Third Party | — | — | — | — | 1,800,000,000 | 9.60 |
| Other public Shareholders | 4,626,297,925 | 73.98 | 13,878,893,775 | 73.98 | 4,626,297,925 | 24.66 |
| Total | 6,253,189,277 | 100.00 | 18,759,567,831 | 100.00 | 18,759,567,831 | 100.00 |

**Scenario 2**

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

| | **(i) As at the date of this announcement** | | **(ii) Assuming all the outstanding Share Options are exercised before the Record Date** | | **(iii) Immediately upon completion of the Rights Issue and issue of the Bonus Shares** | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | **(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue** | | **(b) assuming full acceptance by Chi Capital but nil acceptance by other Qualifying Shareholders under the Rights Issue** | |
| | *No. of Shares* | *Approx %* | *No. of Shares* | *Approx %* | *No. of Shares* | *Approx %* | *No. of Shares* | *Approx %* |
| Chi Capital *(Note 1)* | 1,576,891,352 | 25.22 | 1,576,891,352 | 25.18 | 4,730,674,056 | 25.18 | 5,625,674,056 | 29.94 |
| Sub-underwriters: | | | | | | | | |
| Mega Wealth Group Ltd | 50,000,000 | 0.8 | 50,000,000 | 0.8 | 150,000,000 | 0.8 | 3,728,025,674 | 19.84 |
| Independent Third Party | — | — | — | — | — | — | 600,000,000 | 3.19 |
| Independent Third Party | — | — | — | — | — | — | 600,000,000 | 3.19 |
| Independent Third Party | — | — | — | — | — | — | 1,800,000,000 | 9.58 |
| Independent Third Party | — | — | — | — | — | — | 1,800,000,000 | 9.58 |
| Other public Shareholders | 4,626,297,925 | 73.98 | 4,636,512,837 | 74.02 | 13,909,538,511 | 74.02 | 4,636,512,837 | 24.68 |
| Total | 6,253,189,277 | 100.00 | 6,263,404,189 | 100.00 | 18,790,212,567 | 100.00 | 18,790,212,567 | 100.00 |

*Note:*

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

2. For illustrative purpose only.

The Company and Chi Capital has entered into the Chi Sub-underwriting Letters with the Chi Sub-underwriters to sub-underwrite any Rights Shares that Chi Capital would be called upon to take up in excess of 447,500,000 Rights Shares pursuant to the Underwriting Agreement, up to a maximum of 4,189,012,837 Rights Shares in aggregate. Please refer to the shareholding tables in this section headed "Changes in the shareholding structure of the Company" above for the details of the shareholdings of Chi Capital and each of the Chi Sub-underwriters in the two different scenarios as set out therein.

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

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

The Group is principally engaged in provision of China Mobile Multimedia Broadcasting ("CMMB") business and printed circuit boards ("PCB") agency services:

1. CMMB business - Digital broadcasting with advertising or capacity leasing fee:

   Through the Company's subsidiaries, CMMB Vision USA Inc. and Chi Vision USA Corporation, the Group owns a terrestrial television ("TV") station network in the United States where the Group engages in broadcasting digital TV and data services free-to-air to the general public in partnership with content providers and receives channel capacity leasing and advertising fees.

2. PCB agency service - Legacy PCB component trading business, which the Group earns agency fee income through buying and selling PCB components.

The intended business model under the satellites services to be provided through the AsiaStar and Silkwave-1 satellites are seamlessly convergent with the Company's existing digital broadcasting model, extending the Company's current business model with greater scope as the Group will have mobile capability to reach each user device directly. Please refer to the announcements of the Company dated 27 October 2015 for further information about the AsiaStar and Silkwave-1 satellites.

The AsiaStar or Silkwave-1 satellite represents a digital TV broadcasting platform similar to a terrestrial platform except that it uses an advanced satellite in the sky which is capable of reaching far more mobile audiences on the ground. The system is proprietary, unlike the free-to-air digital broadcasting business in the United States, which means a satellite reception chipset needs to be built into consumer device in order to access the Group's services. As a result, the Group will be able to control viewer access that free-to-air terrestrial digital broadcasting services cannot, and the Company can be more selective in its business models.

The Company has successfully raised money from share placement under its general mandates for meeting the cash flow requirements for its business development of the CMMB and satellite related businesses, such as appointment of professional parties to develop business plan, doing feasibility study and market research and recruitment of expertise to implement the business plan, as well as equipment and devices procurement.

In addition, the Company is also deploying a service trial in major cities in China and Southern East Asia. The trial will validate the existing technology and business models the Company will be engaging in with service partners and this will lead to full commercial service launch, which is expected to take place within 36 months, subject to fulfilment of all regulatory requirements. A successful service trial will also enable the Company to replicate similar deployment in other markets and it expects to eventually launch a full CMMB and satellite broadcasting service with sufficient revenue and cash-flow to support and justify all of the Company's investments. The Company expects to have major capital expenditure for the deployment in China of approximately US$134 million for its business development efforts in China within the next 36 months in view of the above plan which has not taken into account of the acquisition costs of the AsiaStar and/or Silkwave-1 satellites.

Details of the major capital expenditure for the deployment in China are as follows:

| | *US$'million* |
|---|---|
| Outstanding registered capital of GMG-CMMB | 14.5 |
| Build-up and enhance broadcasting centre | 12.2 |
| Build-up and enhance uplink services centre and acquire teleport equipment | 9.7 |
| Research and development and business development | 97.6 |
| | 134 |

Approximately US$14.5 million or 10.8% of the net proceeds will be used for the paid up the outstanding registered capital of GMG-CMMB Media Technology Co., Ltd. ("GMG-CMMB"). The Company has entered into an equity transfer agreement to transfer 51% of the equity interest in GMG-CMMB, details of the agreement referred to the announcement of the Company dated 29 January 2016.

| | | |
|---|---|---|
| 1 | Asiastar uplink center leasing, repair and maintenance | 2 million |
| 2 | Satellite mobile broadcasting technical trial (including testing platform headend, terminal development and 10K test device, coverage test and coveraged media service test) | 9 million |
| 3 | GMG-CMMB's general working capital | 3.5 million |

Approximately US$12.2 million or 9.1% of the net proceeds will be used for the deployment of the broadcasting network in China.

| | | |
|---|---|---|
| 1 | Multimedia broadcasting system (including digital audio broadcasting service system and RichMedia broadcasting service system) | 6 million |
| 2 | All media access, aggregation and publication system | 2 million |
| 3 | All media smart engine system | 2 million |
| 4 | BOSS and digital right management system | 2.2 million |

Approximately US$9.7 million or 7.3% of the net proceeds will be used for the deployment of the uplink services centre and acquire teleport equipment in China.

| | | |
|---|---|---|
| 1 | Uplink center for Silkwave-I (including maintenance fee) | 6 million |
| 2 | Transmission system (including maintenance fee) | 1.7 million |
| 3 | Build-up and enhance tracking facilities | 2 million |

Approximately US$97.6 million or 72.8% of the net proceeds will be used for research and development and development of satellite mobile broadcasting services, including the next generation NGBW-LTE convergence network and business development and marketing.

| | | |
|---|---|---|
| 1. | Research and development in broadcasting+4G converged media service system<br>(including research and development in headend system and CPE (for vehicles and mobile phone)) | 13.6 million |
| 2. | Deployment of converged media service platform<br>(including media cloud system deployment and media cloud access fee) | 32 million |
| 3. | Certification lab | 12 million |
| 4. | IP management and publication platform | 15 million |
| 5. | Business development and marketing | 25 million |

Assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the gross proceeds from the Rights Issue are expected to be approximately HK$625.32 million before expenses. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK$618.47 million (equivalent to approximately US$80 million). The net subscription price per Rights Share is expected to be approximately HK$0.0989. The proceeds of the Rights Issue will be used in the above manners. The Group consider to meet the remaining capital requirements by a combination of cash flow being generated by share placement, debt securities, and financial assistance from Chi Capital Holdings Ltd, a company wholly owned by Mr. Wong Chau Chi, a director and a substantial shareholder of the Company which the Company thinks fit to meet deployment and equipment procurement related capital requirements, which are usually settled in cash.

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

The final terms for the proposed acquisitions of the AsiaStar and Silkwave-1 satellites are still under negotiation. Based on the current state of negotiation between the parties, the consideration for the acquisitions of the satellites is expected to be not less than US$1 billion. The Company will make further announcements disclosing details including the capital requirements for the acquisitions once agreements have been reached.

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

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

**The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated (see the sub-section headed "Termination of the Underwriting Agreement" above). The conditions to the Underwriting Agreement are set out in the sub-section headed "Conditions of the Underwriting Agreement" above. It is expected that Shares will be dealt with on an ex-rights basis from 17 March 2016 and Rights Shares will be dealt with in their nil-paid form from 29 March 2016 to 6 April 2016. If the Underwriter exercises their right to terminate the Underwriting Agreement, the Rights Issue will not proceed.**

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

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

**FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS**

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

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of announcement |
|---|---|---|---|---|
| 29 June 2015 | Placing of 730,615,382 new Shares under general mandate granted by the Shareholders at the AGM on 21 May 2015 | Approximately HK$189.9 million | General working capital for operation and business development of the Group | • Administrative and operations: HK$47.0 million<br>• New business and network development: HK$97.1 million<br>• Repayment of convertible note of HK$45.8 million |

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of announcement |
|---|---|---|---|---|
| 7 October 2015 | Placing of 60,332,830 new Shares under general mandate granted by the Shareholders at the AGM on 21 May 2015 | Approximately HK$7.2 million | General working capital for operation and business development of the Group | • Administrative and operations: HK$7.2 million |
| 21 December 2015 | Placing of 757,499,997 new Shares under general mandate granted by the Shareholders at the EGM on 18 December 2015 | Approximately HK$90.9 million | General working capital for operation and business development of the Group | • New business and network development: HK$30.8 million<br>• Unutilized proceeds held in the Group's bank accounts of HK$60.1 million |

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

## LISTING RULES IMPLICATIONS

Chi Capital, being a company wholly-owned by Mr. Wong Chau Chi, is an associate of Mr. Wong Chau Chi under the Listing Rules. Mr. Wong Chau Chi, being a Director, is a connected person of the Company, and hence Chi Capital, being an associate of Mr. Wong Chau Chi, is also a connected person of the Company under the Listing Rules. The Underwriting Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

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

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

The Independent Board Committee has been established to consider the Rights Issue, the Bonus Shares and the Underwriting Agreement and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

## CHANGE OF BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded on the Stock Exchange in board lots of 20,000 Shares. Based on the closing price of HK$0.091 per Share (equivalent to a theoretical ex-right price of approximately HK$0.064 per Share) as at 29 January 2016, upon the allotment and issue of the Rights Shares and the Bonus Shares, the value of each board lot of 20,000 Shares is estimated to be approximately HK$1,280. It is proposed that with effect from 15 April 2016, the board lot size of the Shares shall be changed from 20,000 to 40,000 so that the estimated market value per board lot of Shares will be approximately HK$2,160 (based on the theoretical ex-right price of approximately HK$0.054 per Share as at the Latest Practicable Date). The Board considers that the change in board lot size will increase the value of each board lot of Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company. The proposed change in board lot size is not conditional upon the approval by the Independent Shareholders or the completion of the Rights Issue and Bonus Shares. The Company will proceed with the proposed change in board lot size whether or not the Rights Issue and the Bonus Shares are approved by the Independent Shareholders at the EGM and/or completed.

In order to facilitate the trading of odd lots (if any) of Shares arising from the change of board lot size, the Company has appointed KGI Asia Limited to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of Shares (i.e. less than 40,000 Shares) to make up a full board lot of 40,000 Shares, or to dispose of their holding of odd lots of Shares. Holders of odd lots of Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Ms. Grace Mok (telephone number: (852) 2878 4486) of KGI Asia Limited, at 41/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during the period from 15 April 2016 to 10 May 2016, both days inclusive.

Holders of Shares in odd lots of less than 40,000 Shares should note that successful matching of the sale and purchase of odd lots of Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangement.

## INFORMATION ON CHI CAPITAL

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

At the latest practicable date, other than approximately 25.22% interests in the issued share capital of the Company and the Convertible Notes, Chi Capital does not hold or has control or direction over any other shares, rights over shares, convertible securities, warrants or options of the Company.

As at the latest practicable date, save for the Underwriting Agreement, there is no arrangement or agreement to which Chi Capital is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue (other than those listed under the section headed "Conditions of the Underwriting Agreement") and/or the Underwriting Agreement.

## INFORMATION ON CHI SUB-UNDERWRITERS

Mega Wealth Group Ltd is a company incorporated in Samoa with limited liability and is wholly owned by an independent third party. The principal business activity of Mega Wealth Group Ltd is investment holdings. Mega Health Group Ltd holds 50,000,000 Shares of the Company as at the Latest Practicable Date.

The other four Sub-underwriters are independent third parties.

## TAXATION

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

## EGM

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

A notice of the EGM to be held at 10:00 a.m. on Tuesday, 15 March 2016 at Video Conferencing Room, Level 3, Core C, Cyberport 3, 100 Cyberport Road, Hong Kong is set out on pages IV-1 and IV-2 of this circular at which an ordinary resolution will be proposed for considering, and, if thought fit, approving the Rights Issue, the Bonus Share and the Underwriting Agreement.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 4:00 p.m. on 13 March 2016. The completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

Pursuant to the Listing Rules, Chi Capital and Mr. Wong Chau Chi (a substantial shareholder holding 1,576,891,352 Shares, representing approximately 25.22% of the existing issued Shares), the Chi Sub-underwriters (including Mega Wealth Group Ltd, holding 50,000,000 Shares, representing approximately 0.8% of the existing issued Shares) and their respective associates and those who are involved in or interested in the Rights Issue, the Bonus Shares and/or the Underwriting Agreement are required to abstain from voting on the resolution to be proposed at the EGM in relation to the Rights Issue, the Bonus Shares and the Underwriting Agreement. Save for Chi Capital and the Chi Sub-underwriters, no Shareholder is involved in or interested in the Rights Issue, the Bonus Shares and/or, the Underwriting Agreement which requires him/her/it to abstain from voting on the relevant resolution at the EGM.

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

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 21 March 2016. To qualify for the Rights Issue, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 20 March 2016.

## RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 32 to 33 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Rights Issue, the Bonus Shares and the Underwriting Agreement.

Your attention is also drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Bonus Share and the Underwriting Agreement and the principal factors and reasons considered by it in arriving thereat. The text of the letter from the Independent Financial Adviser is set out on pages 34 to 51 of this circular

## ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
**CMMB Vision Holdings Limited**
**WONG Chau Chi**
*Chairman*

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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 471)**

29 February 2016

*To the Independent Shareholders,*

Dear Sir or Madam,

## (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.1 PER RIGHTS SHARE (2) ONE BONUS SHARE FOR EVERY ONE RIGHTS SHARE TAKEN UP UNDER THE RIGHTS ISSUE AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the letter from the Board set out in the circular dated 29 February 2016 of the Company (the "**Circular**") of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

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

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

Having taken into account principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we are of the view that the terms of the Rights Issue, the Bonus Shares and the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue, the Bonus Shares and the Underwriting Agreement.

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

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

**Veda Capital Limited**
Room 1106,11/F
WingOn Centre
111ConnaughtRoad Central
HongKong

29 February 2016

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

Dear Sirs,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK$0.1 PER RIGHTS SHARE AND; (2) ONE BONUS SHARE FOR EVERY ONE RIGHTS SHARE TAKEN UP UNDER THE RIGHTS ISSUE**

## INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the Bonus Share, details of which are set out in the Letter from the Board (the "**Board Letter**") contained in the circular to the Shareholders dated 29 February 2016 (the "**Circular**"), of which this letter forms part. Terms used herein have the same meanings as defined elsewhere in the Circular unless the context require otherwise.

As announced by the Company on 29 January 2016, the Company proposed to raise not less than approximately HK$625.32 million and not more than approximately HK$626.34 million before expenses by way of issue of not less than 6,253,189,277 and not more than 6,263,404,189 new Shares pursuant to the Rights Issue on the basis of one Rights Share for every one Share in issue on the Record Date at the Subscription Price of HK$0.1 per Rights Share, which equals to the par value of a Share. It is also proposed to allot and issue the Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue.

The Rights Issue will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. The Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements.

Chi Capital, being a company wholly-owned by Mr. Wong Chau Chi, is an associate of Mr. Wong Chau Chi under the Listing Rules. Mr. Wong Chau Chi, being a Director, is a connected person of the Company, and hence Chi Capital, being an associate of Mr. Wong Chau Chi, is also a connected person of the Company under Chapter 14A of the Listing Rules. The Underwriting Agreement constitutes a connected transaction for the Company under the Listing Rules.

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

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

Pursuant to the Listing Rules, Chi Capital and Mr. Wong Chau Chi (a substantial shareholder holding 1,576,891,352 Shares, representing approximately 25.22% of the existing issued Shares), Mega Wealth Group Limited (one of the Chi Sub-underwriters holding 50,000,000 Shares, representing approximately 0.8% of the existing issued Shares) and their respective associates and those who are involved in or interested in the Rights Issue, the Bonus Shares and/or the Underwriting Agreement are required to abstain from voting on the resolution to be proposed at the EGM in relation to the Rights Issue, the Bonus Shares and the Underwriting Agreement. Save for Chi Capital, Mr. Wong Chau Chi, Mega Wealth Group Limited and their respective associates, no Shareholder is involved in or interested in the Rights Issue, the Bonus Shares and/or, the Underwriting Agreement which requires him/her/it to abstain from voting on the relevant resolution at the EGM.

**THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Wang Wei-Lin, Mr. Li Shan and Dr. Li Jun, has been formed to make recommendations to the Independent Shareholders as to whether the terms of the Rights Issue and the Bonus Share are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolutions approving the Rights Issue and the Bonus Share at the EGM. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these regards.

As at the Latest Practicable Date, we were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our 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 Rights Issue and the Bonus Share. 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 Rights Issue and the Bonus Share. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the Independent Board Committee and the 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.

**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 Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

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

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

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Bonus Share, we have taken into consideration the following principal factors and reasons:

### I. Financial performances of the Group

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

*For the six months ended 30 June 2015*

As disclosed in the Company's unaudited interim report as at 30 June 2015 (the "**IR 2015**"), the Group recorded a turnover of approximately US$638,991 for the six months ended 30 June 2015, representing an increase of 62.4% compared with the corresponding period of last year. The increase in turnover was resulted by the provision of agency services from trading business.

The loss attributable to owners of the Company for the six months ended 30 June 2015 amounted to approximately US$3,850,319, an increase of approximately 78.1% when compared to the loss for the corresponding period of last year. As advised by the Company, substantial part of loss was mainly due to the substantial increases in market development and promotion expenses of US$2,519,502 and administrative expenses of US$222,574.

As further set out in IR 2015, the Group recorded total current assets of approximately US$14,826,542 including cash and bank balances of approximately US$11,465,525 while the total current liabilities is approximately US$30,575,640 as at 30 June 2015. The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 0.5 as at 30 June 2015 as compared to 1.3 as at 31 December 2014.

*For the year ended 31 December 2014*

As set out in the annual report of the Company (the "**AR 2014**") for the financial year ended 31 December 2014, the Group recorded revenue of approximately US$912,492, representing an increase of approximately 27.84% from that for the financial year ended 31 December 2013 of approximately US$713,774. As stated in the AR 2014, the increase in revenue of approximately US$198,000 was solely contributed by the provision of agency services from trading business.

The Group recorded a loss attributable to the owners of the Company approximately US$1,977,648 for the financial year ended 31 December 2014, representing a significant decrease in profit of approximately US$2,190,129 as compared to the profit of approximately US$212,481 recorded for the financial year ended 31 December 2013. As advised by the Company, the substantial increase in loss was mainly attributable to (i) the increase in administrative expenses of approximately US$489,487, representing an increase of 46.6% as compared to the year ended 31 December 2013; (ii) the reduction of profit from change in fair value of derivative components of convertible notes of approximately 50.9% as compared to the year ended 31 December 2013; and (iii) an increment of other expenses due to the equity-settled share-based payment expenses to consultants of approximately US$600,879 recorded for the year ended 31 December 2014.

As set out in the AR 2014, the Group has current assets of approximately US$11,764,382 as at 31 December 2014 in which bank balances and cash contributed approximately US$10,136,633 and the Group's current liabilities as at 31 December 2014 were approximately US$9,261,284. The Group's current ratio was 1.3 as compared to 1.1 as at 31 December 2013.

II. **Reasons for the Rights Issue and use of proceeds**

The Company is an investment holding company. The Group is principally engaged in provision of China Mobile Multimedia Broadcasting (the "**CMMB**") business and printed circuit boards (the "**PCB**") agency services.

1. CMMB business - Digital broadcasting with advertising or capacity leasing fee:

As set out in the Board Letter, through the Company's subsidiaries, CMMB Vision USA Inc. and Chi Vision USA Corporation, the Group owns a terrestrial television TV station network in the United States where the Group engages in broadcasting digital TV and data services free-to-air to the general public in partnership with content providers and receives channel capacity leasing and advertising fees.

2. PCB agency service - Legacy PCB component trading business, which the Group earns agency fee income through buying and selling PCB components.

As set out in the Board Letter, the intended business model under the satellites services to be provided through the AsiaStar and Silkwave-1 satellites are seamlessly convergent with the Company's existing digital broadcasting model, extending the Company's current business model with greater scope as the Group will have mobile capability to reach each user device directly.

References are made to (i) the announcements of the Company dated 10 September 2014 and 27 October 2015 relating to the Group's proposed acquisition of AsiaStar satellite and related assets. The Company has entered into an agreement with New York Satellite Holdings, LLC (the "**NYSHC**") pursuant to which the Company has acquired the exclusive user rights for the AsiaStar satellite platform, which include rights to use the 40 MHz L-band spectrum, 105 degrees East orbital slot, spacecraft, ground uplink system, and relevant technologies and management team (the "**AsiaStar User Rights**"). The Company has also completed in principle negotiation with NYSHC of the proposed acquisition of the relevant AsiaStar satellite assets, and expects to sign a formal sale and purchase agreement, which will include details of the acquisition, including consideration for the AsiaStar User Rights; and the announcements of the Company dated 23 January 2015 and 27 October 2015 relating to the Company's agreement with the Boeing Company (the "**Boeing**") for construction of the next-generation high-power mobile L-band satellite named "Silkwave-1" (the "**Silkwave-1**") together with the Company's partner in the United States, New York Broadband, LLC (the "**NYBB**"). NYBB is procuring Silkwave-1 and will exclusively lease its capacity to the Company for providing a comprehensive suite of Internet broadband media and information services to Asian mobile customers.

As further outlined in the announcement of the Company dated 29 January 2016, the AsiaStar or Silkwave-1 satellite represents a digital TV broadcasting platform similar to a terrestrial platform except that it uses an advanced satellite in the sky which is capable of reaching far more mobile audiences on the ground. The system is proprietary, unlike the free-to-air digital broadcasting business in the United States, which means a satellite reception chipset needs to be built into consumer device in order to access the Group's services. As a result, the Group will be able to control viewer access that free-to-air terrestrial digital broadcasting services cannot, and the Company can be more selective in its business models.

Reference is also made to the announcements of the Company dated 19 January 2015 and 29 January 2016 relating to the entering into of the strategic cooperation between the Group and Global Broadcasting Media Company (the "**GMG**"). The Company has entered into an equity transfer agreement to transfer 51% of the equity interest in GMG-CMMB. GMG together with the Company will procure for GMG-CMMB Media Technology Co., Ltd (the "**GMG-CMMB"**) all necessary regulatory licenses and approvals, such as L-band satellite frequency landing rights, media broadcasting rights, content access and distribution rights, and related media resources, so as to enable GMG-CMMB to operate satellite-based mobile multimedia services in China with official capacity.

The gross proceeds from the Rights Issue are expected to be approximately HK$625.32 million before expenses. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK$618.47 million (equivalent to approximately US$80 million). The proceeds of the Rights Issue will be used in the following manners while detail breakdown of the use of net proceeds is set out in the section headed "Reasons for the Rights Issue and Bonus Share and use of proceeds" in the Board Letter:

Approximately US$14.5 million or 10.8% of the net proceeds will be used for the paid up the GMG-CMMB. The Company has entered into an equity transfer agreement to transfer 51% of the equity interest in GMG-CMMB, details of the agreement referred to the announcement of the Company dated 29 January 2016.

| | | |
|---|---|---|
| 1 | Asiastar uplink center leasing, repair and maintenance | 2 million |
| 2 | Satellite mobile broadcasting technical trial (including testing platform headend, terminal development and 10K test device, coverage test and coveraged media Test) | 9 million |
| 3 | GMG-CMMB's general working capital | 3.5 million |

Approximately US$12.2 million or 9.1% of the net proceeds will be used for the deployment of the broadcasting network in China.

| | | |
|---|---|---|
| 1 | Multimedia broadcasting system (including digital audio RichMedia broadcasting service system) | 6 million |
| 2 | All media access, aggregation and publication system | 2 million |
| 3 | All media smart engine System | 2 million |
| 4 | BOSS and digital right management system | 2.2 million |

Approximately US$9.7 million or 7.3% of the net proceeds will be used for the deployment of the uplink services centre and acquire teleport equipment in China.

| | | |
|---|---|---|
| 1 | Uplink center for Silkwave-I (including maintenance fee) | 6 million |
| 2 | Transmission system (including maintenance fee) | 1.7 million |
| 3 | Build-up and enhance tracking facilities | 2 million |

Approximately US$97.6 million or 72.8% of the net proceeds will be used for research and development and development of satellite mobile broadcasting services, including the next generation NGBW-LTE convergence network and business development and marketing.

| | | |
|---|---|---|
| 1. | Research and development in Broadcasting+4G converged media service system (including research and development in headend system and CPE (for vehicles and mobile phone)) | 13.6 million |
| 2. | Deployment of converged media service platform (including media cloud system deployment and media cloud access fee) | 32 million |
| 3. | Certification lab | 12 million |
| 4. | IP management and publication platform | 15 million |
| 5. | Business development and marketing | 25 million |

Assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the gross proceeds from the Rights Issue are expected to be approximately HK$625.32 million before expenses. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK$618.47 million (equivalent to approximately US$80 million). The net subscription price per Rights Share is expected to be approximately HK$0.0989. The proceeds of the Rights Issue will be used in the above manners. The Group consider to meet the remaining capital requirements by a combination of cash flow being generated by share placement, debt securities, and financial assistance from Chi Capital Holdings Ltd, a company wholly owned by Mr. Wong Chau Chi, a director and a substantial shareholder of the Company which the Company thinks fit to meet deployment and equipment procurement related capital requirements, which are usually settled in cash.

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

The final terms for the proposed acquisitions of the AsiaStar and Silkwave-1 satellites are still under negotiation. Based on the current state of negotiation between the parties, the consideration for the acquisitions of the satellites is expected to be not less than US$1 billion. The Company will make further announcements disclosing details including the capital requirements for the acquisitions once agreements have been reached.

As noted from the Board Letter, the Company has successfully raised money from share placement under its general mandates for meeting the cash flow requirements for its business development of the CMMB and satellite related businesses, such as appointment of professional parties to develop business plan, doing feasibility study and market research and recruitment of expertise to implement the business plan, as well as equipment and devices procurement. In addition, the Company is also deploying a service trial in major cities in China and Southern East Asia. The trial will validate the existing technology and business models the Company will be engaging in with service partners and this will lead to full commercial service launch, which is expected to take place within 36 months, subject to fulfilment of all regulatory requirements. A successful service trial will also enable the Company to replicate similar deployment in other markets and it expects to eventually launch a full CMMB and satellite broadcasting service with sufficient revenue and cash-flow to support and justify all of the Company's investments. The Company expects to have major capital expenditure for the deployment in China of approximately US$80 million for its business development efforts in China within the next 36 months in view of the above plan which has not taken into account of the acquisition costs of the AsiaStar and/or Silkwave-1 satellites.

The State Council of the PRC released an article《互聯網:中國經濟提質增效新動能》"Internet: A New Momentum for Improving Quality and Efficiency of China's Economy", (source: http://www.gov.cn/guowuyuan/) on 15 December 2015, which stated with the popularity of smart phones, mobile internet users have been increasing significantly that in October 2015 the average monthly mobile internet usage data per user recorded 361.6 megabytes, representing an increase of 88.3% as compared to October 2014. Mobile Internet data reached 2.88 billion gigabytes, achieving a continuous growth trend in a row till October 2015 which accounts for 89.7% of total mobile internet data. As of the end of October 2015, China's mobile phone users exceeded 1.3 billion, the number of mobile internet users reached 950 million, of which, 4G users recorded 328 million which accounts for a quarter of total mobile users.

As further outlined in the article "用創新精神推動文化繁榮發展" (Promote cultural prosperity and development with an innovative spirit) released by The State Council of the PRC (source: http://www.gov.cn/guowuyuan/) on 29 January 2016, the PRC government will highly develop the network culture industry and encourage enterprises to participate in the production of network cultural products. Enterprises are encouraged to actively develop network videos, mobile TV, animation games, online communities, online music, radio music, digital publishing and other cultural industries of new formats, networking literature, online music, online micro-film, online network performance, online network animation and other creative industry bases. The PRC government will promote cultural products via the network and to enhance the level of the cultural industry. To develop a network culture has been one of the major issues in the all cities. The PRC government will implement the "Internet + culture" action in a bid to form the cultural development advantages.

Having considered (i) the historical unsatisfactory financial performance of the Group; (ii) the Rights Issue will enable the Group to strengthen the capital base of the Group, reduce its debt and enhance its financial position; (iii) the Company expects to have a major capital expenditure for the deployment in China of approximately US$80 million for its business development plan in China within the next 36 months in view of the above GMG-CMMB plan which has not taken into account of the acquisition costs of the AsiaStar and/or Silkwave-1 satellites; (iv) the provision of mobile multimedia broadcasting business is highly capital intensive; and (v) the prospects of mobile multimedia broadcasting business; (vi) the Rights Issue will enable the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Group, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

***Other financing alternatives***

As set out in the Board Letter, after due and careful consideration, the Board considers that the current structure of the Rights Issue, as a form of equity financing available for all the existing shareholders to participate, is the best, if not the only alternative which the terms are acceptable to both the Company and the Underwriter in light of the Group's current circumstance. The Group has taken various steps to address the funding needs of the Company.

As advised by the Company, the Board considers that as the global markets become increasingly volatile, banks and creditors are more vigilant and may tighten the credit and payment terms to mitigate credit risk. Thus, it may increase the cost of the Company should it consider raising funds through debt financing. The Board is of the opinion that the Rights Issue would enhance the financial flexibility of the Company to raise funds through equity financing, hence strengthen the capital base and financial position of the Company.

The Board has also considered other non-pre-emptive equity fund raising possibilities, such as placing. Due to the relatively large fund raising amount, the placing agents did not come up with reasonable terms that are acceptable to the Company. The pre-emptive nature of the Rights Issue allows the Qualifying Shareholders to maintain their respective pro-rata shareholding through their participating in the Rights Issue. Comparing with open offer, open offer would not provide an additional option to those Qualifying Shareholders who do not wish to take up their entitlements to sell their entitled nil-paid Rights Shares and those who wish to increase their shareholding interests in the Company to acquire additional nil-paid Rights Shares in the market. Also, the Rights Issue has been fully underwritten and thus, the Group's target funding in need will be secured. In light of the above, the Board considers that the Rights Issue is the fairest equity financing method.

In view of that (i) debt financing and bank borrowing would result in additional interest burden and further deteriorate the gearing position of the Group; (ii) even though an open offer is similar to a rights issue, the Rights Issue enables the Qualifying Shareholders who decide not to participate in the Rights Issue to have an alternative to trade in the nil-paid rights in the market for economic benefits; and (iii) the Rights Issue provides all Qualifying Shareholders the opportunities to participate in the enlargement of the capital base of the Company to support the Group's continuing development and business growth, we are in the view that fund-raising by way of the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. **Principal terms of the Rights Issue and the Bonus Share**

***Basis of the Rights Issue with the Bonus Share***

The Company proposed to allot and issue of not less than 6,253,189,277 and not more than 6,263,404,189 new Shares pursuant to the Rights Issue on the basis of one Rights Share for every one Share in issue on the Record Date at the Subscription Price of HK$0.1 per Rights Share, which equals to the par value of a Share. It is also proposed to allot and issue the Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue. On the basis of provisional allotment of one Rights Share for every one Share held by the Qualifying Shareholders on the Record Date and one Bonus Share for every one Rights Share taken up under the Rights Issue, no fractional entitlements to the Rights Shares under the Rights Issue will arise.

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

***Subscription Price***

The subscription price of HK$0.1 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

(a) a premium of approximately 9.89% to the closing price of HK$0.091 per Share as quoted on the Stock Exchange on 29 January 2016, being the Last Trading Day;

(b) a premium of approximately 23.46% to the average closing price of approximately HK$0.081 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 29 January 2016;

(c) a premium of approximately 57.07% to the theoretical ex-rights price of approximately HK$0.064 per Share based on the closing price as quoted on the Stock Exchange on 29 January 2016; and

(d) a premium of approximately 63.93% as compared to the closing price of HK$0.061 as at the Latest Practicable Date.

The Bonus Share will reduce the average cost per Rights Share taken up and is therefore further increasing the discount of the Subscription Price to the prevailing market price of the new Shares. Since every one Bonus Share will be issued upon the subscription of every one Rights Share, for illustrative purpose, the average price for each new Share to be allotted and issued under the Rights Issue (with the Bonus Share) will be approximately HK$0.05 (the "**Effective Subscription Price**"), which represents:

(a) a discount of approximately 45.05% to the closing price of HK$0.091 per Share as quoted on the Stock Exchange on 29 January 2016, being the Last Trading Day;

(b) a discount of approximately 38.27% to the average closing price of approximately HK$0.081 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 29 January 2016;

(c) a discount of approximately 21.88% to the theoretical ex-rights price of approximately HK$0.064 per Share based on the closing price as quoted on the Stock Exchange on 29 January 2016; and

(d) a discount of approximately 18.03% as compared to the closing price of HK$0.061 as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the recent market prices of the Shares and market conditions. It is equal to the par value of a Share which is the minimum price at which any new Shares may be issued, according to the articles of association of the Company. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors (excluding the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

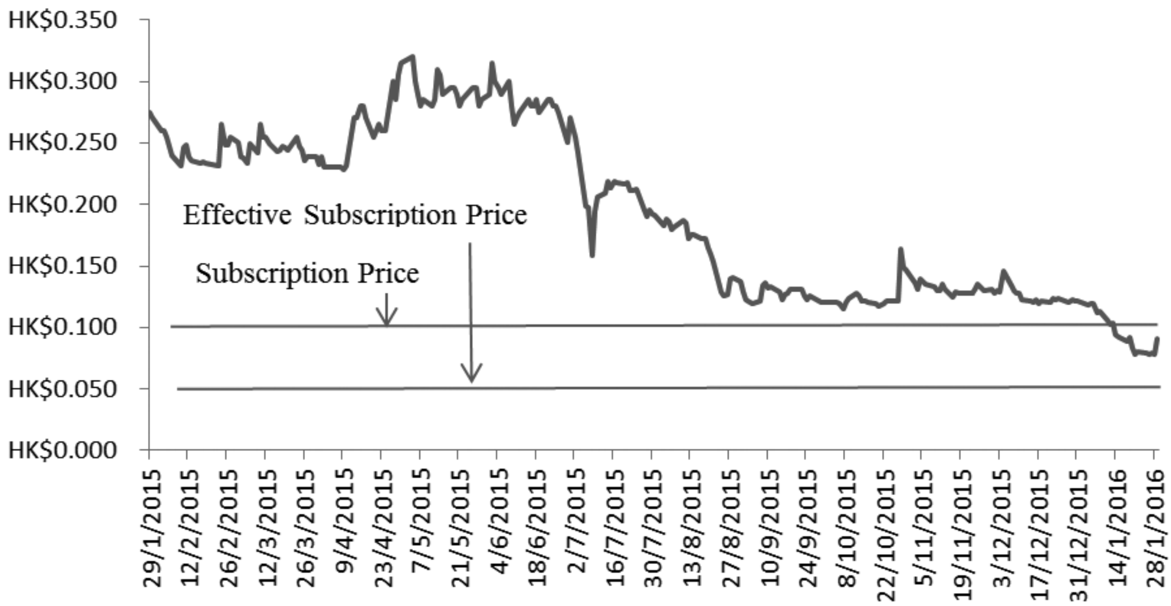
To assess the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to (i) the recent price performance of the Shares; and (ii) the market comparable analysis, as set out below.

***Historical trading prices***

We have reviewed the historical trading prices of the Shares for the period commencing from 29 January 2015, being the 12 months period prior to 29 January 2016, being the date of the Last Trading

Day, up to and including the date of the Last Trading day (the "**Review Period**"). The chart below illustrates the daily theoretical ex-rights price of the Shares versus (i) the Subscription Price of HK$0.1; and (ii) the Effective Subscription Price of HK$0.05 during the Review Period:

**Historical daily closing price per Share**




*Source: Bloomberg*

During the Review Period, the lowest closing price was HK$0.078 on 21 January 2016, 26 January and 28 January 2016 and the highest closing price was HK$0.32 on 4 May 2015. The average daily closing price was HK$0.192. The Effective Subscription Price is lower than the closing price of the Shares during the Review Period, representing a discount of approximately 84.38% and 35.90% to such highest and lowest closing prices of the Shares during the Review Period.

As the Rights Shares are offered to all Qualifying Shareholders, we are advised by the Directors that they would like to set and maintain the Subscription Price at a deep discount to the recent theoretical ex-right prices (together with the Bonus Share which will effectively reduce the average subscription price per Rights Share taken up)with an objective to encourage the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company and participate in the future growth of the Group, and they consider the terms of the Rights Issue (with the Bonus Share) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Effective Subscription Price represents a discount to the closing price of the Shares throughout the Review Period and represents a discount of approximately 73.96% to the average closing price of the Shares within the Review Period. In view of that (i) the downward trend demonstrated by the historical movement of the Share prices within the Review Period; (ii) the continuous loss makings recorded by the Company; (iii) the low current ratio of the Group; (iv) it is common market practice to issue rights shares at a discount to the market price of the relevant shares in order to entice subscription by their shareholders; (v) the Rights Issue is available to all Qualifying Shareholders providing them with an equal chance in participating in the Rights Issue; and (vi) the deep discount will allow each Qualifying Shareholder to have greater flexibility in determining the extent of participation, we concur with the view of the Directors that the setting of the Subscription Price for the Rights Share at a discount is to be fair and reasonable.

***Comparison with recent rights issues***

To provide further analysis on the Effective Subscription Price, we have identified all the rights issues (the "**Comparable**s") announced and conducted by other companies that are listed on the Stock Exchange from 29 October 2015 up to and including 29 January 2016, being the date of the Last Trading Day (the "**Comparable Period**") and have not been suspended for trading for more than 12 months before the dates of the respective announcements in relation to the rights issue transactions as these companies would make the closing price too distant in history and therefore bear little to no relevance to the relevant subscription price, for comparison purposes. To the best of our knowledge and as far as we are aware of, the Comparables represent an exhaustive list. Shareholders should note that the businesses, operations, proceeds, use of proceeds from the Rights Issue and financial performance of the Company are not the same as the Comparables and we have not conducted any in-depth investigation into their respective businesses, operations and financial performance.

In regardless, we consider the Comparables to be reliable, fair and representative samples as the Comparables (i) represent an exhaustive list; (ii) consist of recent rights issue samples conducted by companies that are also listed on the Stock Exchange in Hong Kong; and (iii) as the capital market changes rapidly, it better reflects the latest market conditions and sentiments of rights issue structures and transactions in Hong Kong. Furthermore, we are of the view that the Comparable Period (i.e. 3 months period) is sufficient and appropriate for our analysis as the market sentiment at the relevant time in general plays a more essential role in the determination of the subscription price and while reasonable number of samples could be included for comparison purposes. As such, the Comparables are used by us to make a comparison of the Rights Issue to the common market practice in rights issue transactions of companies listed on the Stock Exchange and the details of the Comparables are summarised in the following table:

| Date of Announcement | Company (Stock Code) | Basis of entitlement | Premium/(discount) of subscription price over/(to) the closing price on the last trading day (%) | Premium/(discount) of subscription price over/(to) the theoretical ex-entitlement price (%) | Maximum dilution (%) | Underwriting commission (%) |
|---|---|---|---|---|---|---|
| 4 November 2015 | China Aagri-Prodcuts Exchange Limited (149) | 3 for 2 | (28.21) | (13.58) | 60.00 | 2.5 |
| 12 November 2015 | EPI (Holdings) Limited (689) | 5 for 1 | (65.43) | (23.91) | 83.33 | 1 |
| 17 November 2015 | Lai Sun Development Company Limited (488) | 1 for 2 | (33.33) | (25.20) | 33.33 | 2 |

| Date of Announcement | Company (Stock Code) | Basis of entitlement | Premium/(discount) of subscription price over/(to) the closing price on the last trading day (%) | Premium/(discount) of subscription price over/(to) the theoretical ex-entitlement price (%) | Maximum dilution (%) | Underwriting commission (%) |
|---|---|---|---|---|---|---|
| 2 December 2015 | Hao Wen Holdings Limited (8019) | 6 for 1 | (50.00) | (12.57) | 85.71 | 1.5 |
| 15 December 2015 | GCL New Energy Holdings Limited (451) | 3 for 8 | (11.76) | (8.91) | 27.27 | 2.5 |
| 15 December 2015 | GCL-Poly Energy Holdings Limited (3800) | 1 for 5 | (15.79) | (13.51) | 16.67 | 2.5 |
| 15 December 2015 | Hanison Construction Holdings Limited (896) | 1 for 2 | (20.63) | (14.75) | 33.33 | 2 |
| 17 December 2015 | First Credit Finance Group Limited (8215) | 9 for 1 | (36.50) | (5.44) | 90.00 | 2.5 |
| 8 January 2016 | China Hongqiao Group Limited (1378) | 7 for 50 | 0.00 | 0.00 | 12.28 | 0 |
| 14 January 2016 | China Mobile Games and Cultural Investment Limited (8081) | 5 for 1 | (45.61) | (12.43) | 83.33 | 3 |
| 22 January 2016 | Coolpad Group Limited (2369) | 3 for 20 | (14.73) | (13.39) | 13.04 | 3.1 |
| 25 January 2016 | Hanny Holdings Limited (275) | 8 for 1 | (68.75) | (19.61) | 88.89 | 3 |
| 25 January 2016 | China Oceanwide Holdings Limited (715) | 1 for 2 | 0.00 | 0.00 | 33.33 | 0 |
| | | **Minimum** | (68.75) | (25.20) | 12.28 | 0.00 |
| | | **Maximum** | 0.00 | 0.00 | 90.00 | 3.10 |
| | | **Average** | (30.06) | (12.56) | 50.81 | 1.97 |
| The Company | 2016/01/29 | 1 for 1 with bonus share on the basis of 1 for 1 | (45.05) | (21.88) | 66.67 | 3*(Note 2)* |

*Notes:*

1. *Maximum dilution effect of each rights issue is calculated as: ((number of rights shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the rights shares under the basis of entitlement + number of rights shares to be issued under the basis of entitlement) x 100%), e.g. for an rights issue with basis of four (4) rights shares for every one (1) existing share, the maximum dilution effect is calculated as ((4)/(4+1))*100) = 80.00%.*

2. *The underwriting commission of each of Chi Capital and the Chi Sub-underwriter is 0% except for one Chi Sub-underwriter with an underwriting commission of 3%.*

As illustrated in the table above, the discount which the subscription prices of the Comparables represented (i) the relevant closing prices on the last trading days ranged from a discount of approximately 68.75% to 0% (the "**LTD Range**") with the average being a discount of approximately 30.06%; and (ii) the theoretical ex-rights price on the last trading days ranged from a discount of approximately 25.20% to 0% (the "**TEP Range**") with the average being a discount of approximately 12.56%. The discount represents by the Effective Subscription Price to the closing price of the Shares on the Last Trading Day of approximately 45.05% lies within the LTD Range and deeper discount than the relevant average. The discount represents by the Effective Subscription Price to the theoretical ex-rights price of approximately HK$0.064 per Share based on the closing price as quoted on the Stock Exchange on 29 January 2016 of approximately 21.88% lies within the TEP Range and deeper discount than the relevant average.

Taking into account of (i) the funding needs of the Group to raise proceeds to further develop its business and strengthen its financial position as discussed in the above section headed "Reason for the Rights Issue and use of proceeds"; (ii) common market practice that the subscription price of a rights issue is normally set at various degrees of discount to the prevailing market prices of the relevant shares in order to enhance the attractiveness of a rights issue and to encourage the Qualifying Shareholders to take part in the rights issue; (iii) the discounts of the Effective Subscription Price of the Rights Issue to the closing price per Share on the Last Trading Day and to the theoretical ex-entitlement price based on the closing price per Share on 29 January 2016 falls within the LTD Range and TEP Range respectively; (iv) the equal opportunity offered by the Rights Issue to all of the Qualifying Shareholders to subscribe for the Rights Shares and hence avoids dilution; and (v) the Subscription Price is a commercial decision arrived at after arm's length negotiations between the Company and the Underwriter, we consider that the Subscription Price is fair and reasonable.

***Underwriting Commission***

As noted from the Board Letter, Chi Capital has entered into the Chi Sub-underwriting Letters with the Chi Sub-underwriters to sub-underwrite any Rights Shares that Chi Capital would be called upon to take up in excess of 447,500,000 Rights Shares pursuant to the Underwriting Agreement, up to a maximum of 4,189,012,837 Rights Shares in aggregate.

As noted from the Board Letter, the Company shall pay to one of the Chi Sub-underwriters an aggregate commission at the rate of 3% of the aggregate Subscription Price of that Chi Sub-Underwriter's commitment. Chi Capital and other Chi sub-underwriters will not be entitled to any underwriting commission or fees.

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

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

As outlined in the Board Letter, the commission rate was determined after arm's length negotiation between the Company and that Chi Sub-underwriter by reference to, among other things, the size of the Rights Issue and the current and expected market conditions. In view of these factors and the arrangement and the terms of the Chi Sub-underwriting Letters are on normal commercial terms, the Directors consider the terms of the Chi Sub-underwriting Letters including the underwriting commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

From the table under the sub-section headed "Comparison with recent rights issue" above, we noted that the underwriting commission for (i) each of Chi Capital and the Chi Sub-underwriters (except that Chi Sub-underwriter) of 0%; and (ii) that Chi Sub-underwriter of 3% falls within the range of commissions of 0 to 3.5% received by the Underwriter in other rights issue transactions. Based on the above mentioned, we are of the opinion that the underwriting commissions under the Underwriting Agreement are is in line with common market practice.

***No application for excess Rights Shares***

The Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, the Company considers that if application for excess Rights Shares is arranged, the Company would be required to put in additional administrative effort and costs to administer the excess Rights Shares application procedures. Additional costs will be involved in producing the excess application forms which may lead to printing and dispatch costs. Additional processing by the registrar may also involve an increase in fees. The estimated costs for excess application are approximately HK$200,000. Given the discount of the Effective Subscription Price to the prevailing market price of the Shares, the Board expects that the Rights Issue would have a relatively high level of acceptance, hence the amount of excess Rights Shares is not expected to be significant. Accordingly, the Board has decided that no excess Rights Shares will be offered to the Qualifying Shareholders and any Untaken Shares will be underwritten by the Underwriter. As the related administration costs would be lowered, the Directors consider that the absence of application for excess Rights Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. **Financial effects**

***Net tangible assets***

An unaudited pro forma statement of adjusted consolidated net tangible asset value ("**NTAV**") of the Group attributable to owners of the Company as if the Rights Issue had been completed on 30 June 2015 is set out in Appendix II to the Circular (the "**Statement**").

Based on the Statement, the unaudited consolidated NTAV of the Group attributable to the owners of the Company was approximately US$32.6 million and approximately US$0.008 per Share respectively as at 30 June 2015. After completion of the Rights Issue, (i) the unaudited pro forma adjusted consolidated NTAV of the Group attributable to owners of the Company would become approximately US$112.4 million (based on 6,253,189,277 Rights Shares to be issued) according to the Statement.

***Working capital and gearing ratio***

With reference to the IR 2015, the gearing ratio of the Group (calculated as a ratio of total loans to total assets) was approximately 7% as at 30 June 2015. As confirmed by the Directors, (i) the total equity of the Group will be enlarged upon completion of the Rights Issue; and (ii) the non-current borrowings of the Group will be reduced when part of the net proceeds from the Rights Issue is applied for the repayment of any non-current borrowings of the Group. Consequently, the gearing level of the Group will be lowered due to the Rights Issue.

V. **Potential dilution of the Rights Issue**

As the Rights Issue is offered to all Qualifying Shareholders on the same basis, Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their provisional allotment under the Rights Issue in full. As set out under the section headed "Changes in the shareholding structure of the Company" in the Letter from the Board, assuming full acceptance by Chi Capital but nil acceptance by other Qualifying Shareholders under the Rights Issue, the shareholdings of the existing Independent Shareholders will be (i) decreased from 73.98% as at the Latest Practicable Date (assuming no changes to the issued share capital on or before the Record Date) to 24.66% upon completion of the Rights Issue and Bonus Share; and (ii) decreased from 73.98% (Assuming all the outstanding Share Options are exercised before the Record Date) to 24.68% upon completion of the Rights Issue and Bonus Share. Assuming full acceptance by Chi Capital but nil acceptance by other Qualifying Shareholders under the Rights Issue, the Qualifying Shareholders who do not elect to subscribe for in full their provisional allotment under the Rights Issue with the Bonus Share will be diluted after completion of the Rights Issue and the Bonus Share by a maximum of approximately 49.32%.

However, we consider such scenario of maximum dilution is unlikely to occur since it assumes that (i) the Independent Shareholders have voted in favour of the Rights Issue (with the Bonus Share) at the SGM; but (ii) no Qualifying Shareholder would take up their provisional allotment under the Rights Issue, which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for the Rights Shares.

Despite the dilution effect by the Rights Issue (with the Bonus Share) of a maximum of approximately 49.32%, having taken into account: (i) the Rights Issue (with the Bonus Share) would provide the fund for the Group to pursue its business development plan; (ii) the potential maximum dilution for the Qualifying Shareholders who do not elect to subscribe for their assured entitlements in full under the Rights Issue is up to 49.30% or 49.32%, the falls within the range of but lies above the average of that of the Comparables; (iii) the Rights Issue (with the Bonus Share) is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company; (iv) the inherent dilutive nature of Rights Issue (with the Bonus Share) in general if the Qualifying Shareholder did not take up his/her/its provisional allotment under the Rights Issue in full; and (v) the discount of the Subscription Price (including the subscription ratio and the Bonus Share) was necessary to encourage the Qualifying Shareholders to participate in the Rights Issue (with the Bonus Share), we consider the possible dilution effect on the Independent Shareholders to be acceptable.

**RECOMMENDATION**

Taking into account the factors and reasons as mentioned in this letter, we consider that the terms of the Rights Issue (with the Bonus Share) are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. We would therefore advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Rights Issue (with the Bonus Share) 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 responsible officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 19 years of experience in investment banking and corporate finance.*

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the years ended 31 December 2012, 2013 and 2014, and the financial information of the Group for the six months ended 30 June 2015 are disclosed in the interim report of the Company for the six months ended 30 June 2015, 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 following is a summary of the audited financial information of the Group for each of the three years ended 31 December 2012, 2013 and 2014, as extracted from the relevant annual reports of the Company, and the financial information of the Group for the six months ended 30 June 2014 and 2015, as extracted from the relevant interim reports of the Company.

The Company's auditor, Deloitte Touche Tohmatsu, has not issued any qualified opinion on the Group's consolidated financial statements for the years ended 31 December 2012, 2013 and 2014.

| | **For the year ended 31 December** | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| | *US$* | *US$* | *US$* |
| | *(audited)* | *(audited)* | *(audited)* |
| Revenue | 912,492 | 713,774 | 266,227 |
| Cost of sales | (582,824) | (652,695) | (408,502) |
| Gross profit/(loss) | 329,668 | 61,079 | (142,275) |
| **Loss before tax for the year** | (2,118,818) | (234,151) | (10,615,261) |
| Income tax expense | (87,310) | (59,000) | — |
| **Loss and total comprehensive expense for the year** | (2,206,128) | (293,151) | (10,615,261) |

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| | *US$* | *US$* | *US$* |
| | *(audited)* | *(audited)* | *(audited)* |
| **Profit (loss) for the year attributable to:** | | | |
| - owners of the Company | (1,977,648) | 212,481 | (9,900,497) |
| - non-controlling interests | (228,480) | (505,632) | (714,764) |
| | (2,206,128) | (293,151) | (10,615,261) |
| **Total comprehensive income (expense) attributable to:** | | | |
| - Owners of the Company | (1,977,648) | 212,481 | (9,900,497) |
| - Non-controlling interests | (228,480) | (505,632) | (714,764) |
| Total comprehensive expense for the year | (2,206,128) | (293,151) | (10,615,261) |
| | | *(Restated)* | |
| **Earnings (loss) per share** | | | |
| - Basic | (0.0009) | 0.0002 | (0.0190) |
| - Diluted | (0.0010) | (0.0015) | (0.0190) |

| | For the six months ended 30 June | |
|---|---|---|
| | **2015** | **2014** |
| | *US$* | *US$* |
| | *(unaudited)* | *(unaudited)* |
| Revenue | 638,991 | 393,511 |
| Cost of sales | (415,335) | (615,012) |
| Gross profit/(loss) | 223,656 | (221,501) |
| **Loss before tax for the period** | (3,791,873) | (2,435,455) |
| Income tax expense | (70,831) | — |
| **Loss for the period** | (3,862,704) | (2,435,455) |
| **Other comprehensive (expense) income** | | |
| Item that may be subsequently reclassified to profit or loss | | |
| Exchange differences arising on translation | (5,736) | 284 |
| **Loss and total comprehensive expense for the period** | (3,868,440) | (2,435,171) |
| **Loss for the period attributable to** | | |
| - owners of the Company | (3,850,319) | (2,161,515) |
| - non-controlling interests | (12,385) | (273,940) |
| | (3,862,704) | (2,435,455) |
| **Total comprehensive expense attributable to:** | | |
| - Owners of the Company | (3,856,055) | (2,161,231) |
| - Non-controlling interests | (12,385) | (273,940) |
| Total comprehensive expense for the period | (3,868,440) | (2,435,171) |
| **Loss per share** | | *(Restated)* |
| - Basic | (0.10) | (0.19) |
| - Diluted | (0.10) | (0.19) |

Please see below quick link to the interim report of the Company for the six months ended 30 June 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0922/LTN20150922013.pdf

Please see below quick link to the annual reports of the Company for the year ended 31 December 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0417/LTN20150417681.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 accountant report of Chi Vision for the period from 24 January 2014 (date of incorporation) to 30 June 2014 (see Appendix IIA of the circular of the Company dated 31 December 2014):

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1231/LTN20141231331.pdf

## 2. INDEBTEDNESS

**Convertible Notes**

As at the close of business on 31 January 2016, the Group had outstanding Convertible Notes due 2021 in the aggregate principal amount of US$33,635,052 issued by the Company to Chi Capital on 22 July 2015.

**Contingent liabilities**

As at the close of business on 31 January 2016, the Group has guaranteed a contingent liabilities of an aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by its equity investment.

Save as disclosed above, the Group did not have any outstanding mortgages, charges, debt securities, term loans and overdrafts, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or any guarantees or other material contingent liabilities as at the close of business on 31 January 2016.

## 3. MATERIAL ACQUISITION SINCE 30 JUNE 2015

Save as disclosed in note 18(c) of the 2014 Annual Report and note 11(i) the 2015 Interim Report, pursuant to a sale and purchase agreement dated 23 May 2014 and a supplementary agreement dated 14 October 2014 (collectively the "S&P Agreements") entered into between the Company and Chi Capital to acquire the 79% equity interest in Chi Vision USA Corporation ("Chi Vision"), a company established in Delaware, USA with limited liability and was then owned as to 20% by NYBB and 80% by Chi Capital. Chi Vision holds the user and operating rights over free-to-air UHF spectrum TV stations inclusive of the spectrum usage, broadcasting rights and operating facilities in seven top US metropolitan cities (the "Acquisition"). The total consideration for the Acquisition is US$77,480,000 which is settled by US$34,180,000 which is paid by cash; issuance of the convertible notes with principal amount of US$38,000,000 at the initial conversion price of HK$0.10; and issuance of the convertible notes with principal amount of US$5,300,000 at the initial conversion price of HK$0.473. The Acquisition has completed on 22 July 2015.

There is no variation in the aggregate of the remuneration payable to and benefits in kind receivable by the directors of Chi Vision in consequence of the acquisition.

*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.

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

## A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group (the "**Unaudited Pro Forma Financial Information**") has been prepared by the directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the basis of one Rights Share for every one existing share in issue on the Record Date at HK$0.1 per Rights Share and one Bonus Share for every one Rights Share taken up under the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue and the issue of the Bonus Shares had taken place on 30 June 2015.

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

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

US$1 = HK$7.75

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company derived from the unaudited consolidated statement of financial position of the Group as at 30 June 2015, extracted from the interim report of the Company for the six months ended 30 June 2015, with adjustment described below:

| Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 | Estimated net proceeds from the Rights Issue | Estimated net proceeds from the Rights Issue | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion Rights Issue |
|---:|---:|---:|---:|
| *US$'000* | *HK$'000* | *US$'000* | *US$'000* |
| *Note (1)* | *Note (2)* | *Note (2)* | |
| 32,563 | 618,469 | 79,802 | 112,365 |

| | *US$* |
|---|---|
| Unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 30 June 2015 before the completion of the Rights Issue (*Note 3*) | 0.008 |
| Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 30 June 2015 immediately after the completion of the Rights Issue and issue of the Bonus Shares *(Note 4)* | 0.007 |

*Notes:*

1. The unaudited consolidated net tangible assets (excluding intangible assets) attributable to the owners of the Company as at 30 June 2015 of approximately US$32,563,000 is based on the unaudited consolidated net assets attributable to owners of the Company of approximately US$56,407,000 less intangible assets of approximately US$23,844,000, as extracted from the published unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015.

2. The estimated net proceeds from the Rights Issue of approximately HK$618,469,000 (approximately US$79,802,000) are based on 6,253,189,277 Rights Shares to be issued (based on 6,253,189,277 shares in issue as at the latest practicable date and assuming no share options would be exercised and no convertible notes would be converted) at the subscription price of HK$0.1 per Rights Share and after deduction of estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue, of approximately HK$6,850,000.

3. The unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 30 June 2015 before the completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets (excluding intangible assets) of the Group attributable to the owners of the Company as at 30 June 2015 of approximately US$32,563,000 as disclosed in note (1) above, divided by 3,954,741,068 shares which represents Company's shares in issue as at 30 June 2015.

4. Unaudited pro forma adjusted consolidated net tangible assets (excluding intangible assets) of the Group per share attributable to the owners of the Company as at 30 June 2015 immediately after the completion of the Rights Issue and the issue of Bouns Share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of Rights Issue of approximately US$112,365,000, divided by 16,461,119,622 shares which represents 3,954,741,068 shares in issue as at 30 June 2015, 6,253,189,277 Rights Shares to be issued pursuant to the Rights Issue (based on 6,253,189,277 shares in issue as at the latest practicable date and assuming no share options would be exercised and no convertible notes would be converted) and 6,253,189,277 Bonus Shares (based on one Bonus Share for every one Rights Share in issue on the Record Date and assuming no share options would be exercised and no convertible notes would be converted).

5. Except for the placing shares issued on 8 July 2015, 14 October 2015 and 30 December 2015, no adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2015.

*The following is the text of a report, prepared for the sole purpose of incorporation in this circular and received from the independent reporting accountant, HLM CPA Limited, Certified Public Accountants, Hong Kong.*

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

恒健會計師行有限公司
**HLM CPA LIMITED**
**Certified Public Accountants**

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong
香港皇后大道西 2-12 號聯發商業中心 305 室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

29 February 2016

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

Dear Sirs,

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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 referred to as the "Group") by the directors of the Company (the "Director") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 and notes as set out in Appendix II of the prospectus issued by the Company dated 29 February 2016 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue of 6,253,189,277 shares on the basis of one (1) rights share for every one (1) share held on the record date at HK$0.1 per rights share (the "Rights Issue") and allotment and issue of the bonus shares on the basis of one (1) bonus share for every one (1) rights share taken up under the Rights Issue on the Group's financial position as at 30 June 2015 as if the Rights Issue had taken place at 30 June 2015. As part of this process, information about the Group's unaudited consolidated net tangible assets of the Group attributable to the owners of the Company has been extracted by the Directors from the Group's unaudited condensed consolidated statement of financial position as at 30 June 2015, on which an unaudited interim report has been published.

**Directors' Responsibilities 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" (the "AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Reporting Accountant's 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 accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information included in a prospectus 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 2015 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 accountant's judgement, having regard to the reporting accountant's 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,

**HLM CPA Limited**
*Certified Public Accountants*
**Chan Lap Chi**
Practising Certificate Number: P04084
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 immediately after completion of the Rights Issue will be, as follows:

| | *HK$* *(Nominal Value)* |
|---|---|
| Authorised share capital: | |
| 5,000,000,000 Shares | 500,000,000 |
| Issued and fully paid share capital: 6,253,189,277 Shares in issue | 625,318,927.70 |
| 12,506,378,554 Shares in aggregate to be issued upon completion of the Rights Issue and the issue of the Bonus Shares (assuming no further issue of new Shares on or before the Record Date) | 1,250,637,855.40 |
| 12,526,808,378 Shares in aggregate to be issued upon completion of the Rights Issue and the issue of the Bonus Shares (assuming all the outstanding Share Options are exercised and no other issue of new Shares on or before the Record Date) *(Note)* | 1,252,680,837.80 |

*Note:* As at the Latest Practicable Date, save as (i) the Share Options granted under the Pre-Listing Share Option Scheme of the Company entitling the holders to subscribe for a total of 10,214,912 Shares upon full exercise of such options; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 2,285,751,374 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

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

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

As at the Latest Practicable Date, save as (i) the Share Options granted under the Pre-Listing Share Option Scheme of the Company entitling the holders to subscribe for a total of 10,214,912 Shares upon full exercise of such options; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 2,285,751,374 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

## WORKING CAPITAL

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

## BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

The principal activity of CMMB Vision Holdings Limited (the "Company") is investment holding whilst its subsidiaries are mainly engaged in provision of China Mobile Multimedia Broadcasting ("CMMB") and agency services.

After restructuring and reorganization from previous manufacturing and sale of rigid printed circuit boards and rigid printed circuit board assembly in 2011, the Company started its business in provision of CMMB services. The Company is a leading next generation mobile multimedia network and service provider which is potentially market disruptive to providing mobile internet and entertainment services in the coming internet era.

The Company entered agreement to acquire seven UHF spectrum television ("TV") stations in seven top cities in the United States of American ("USA"), including Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami, and Tampa. The acquisition expanded the Company's portfolio to a total of 12 TV stations in addition to the New York market. The portfolio gives the Company an unique wireless spectrum network to not only deliver free-to-air digital TV programming to a much larger audience coverage with operating efficiencies and revenue opportunities, but also well-position it to deploy a next-generation mobile broadcasting service platform for new media services extended from home to mobile users and vehicles.

The Company deploys CMMB/NGB-W mobile digital broadcasting technology which can converge with other mobile technologies such as 3G, LTE and WiFi to create the groundbreaking interactive mobile broadcasting system. It has a wireless UHF TV network over 8 major cities in the US under preparation for potential deployment of the CMMB-LTE network, and is operating a digital broadcasting service in New York.

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

Developed by the State Administration of Radio, Film, and Television ("SARFT") of the People's Republic of China ("PRC") with collaboration from the United States of America, CMMB is one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television ("TV") delivery and data delivery through Internet by the Internet Protocol ("IP data"). It is Orthogonal frequency-division multiplexing ("OFDM") based, and can readily interact with other OFDM technologies such as third generation mobile technology 3G, fourth generation mobile technology ("4G") based on Institute of Electrical and Electronics Engineers standards 802.16(e) ("WiMax") and 4G Long Term Evolution ("4G LTE"). The key feature of CMMB is that it can deliver streaming live mobile video and pushIP 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 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 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.

## DIRECTORS

### *Executive Directors*

**Mr. WONG Chau Chi** ("Mr. Wong"), aged 51, was appointed as an executive Director in May 2007. Mr. Wong is currently the chief executive officer of the Group and the Chairman of the Board. Mr Wong has extensive experiences in finance, technology, and industrial management. He engineered the restructuring and reorganization of Global Flex Holdings Limited, a manufacturing company, into CMMB Vision Holdings Limited, a market leader in the development and operation of state-of-the-art mobile multimedia technologies tailored to the internet age. Mr. Wong is also the founder and managing director of Chi Capital Holdings Limited, a securities and private equity group. He also worked as the business head for derivatives and securities departments of Goldman Sachs, Citibank, and BNP Paribas, and business and financial management departments of General Electric and McKinsey. Mr. Wong graduated from Pomona College with a BA Degree in Economics and International Relations, as well as a degree in Master in Public Policy (MPP) from the Kennedy School of Government at Harvard University. He was also matriculated by the St. Antony's College at Oxford University for its political history program. Mr. Wong had not held any position nor directorship in other listed companies in the three preceding years.

**Dr. LIU Hui** ("Dr. Liu"), aged 47, was appointed as a non-executive Director in November 2009 and re-designated to an executive Director in May 2011. Dr. Liu is currently the chief technology officer of the Group and the Vice-chairman of the Board. Dr. Liu is one of the world's leading telecommunications engineers and inventors. He was the primary inventor of 18 granted or pending telecommunications patents, including more than half a dozen patents in the core OFDM technology that underlies LTE, Mobile WIMAX and CMMB. He developed CMMB, which had its inaugural launch at the 2008 Beijing Olympics and is now being used in 330 cities in the PRC. As an international renowned telecomm expert, he is also one of the original designers of TD-SCDMA (China's self-developed 3G standard) and a pioneer of OFDMA mobile networks. Dr. Liu holds a BS degree in Electrical Engineering from Fudan University and a PhD degree from University of Texas at Austin. His research interests include broadband wireless networks, array signal processing and applications, and multimedia signal processing. He has received a number of awards, including a Fellow of IEEE (Comm. Society), the 1997 National Science Foundation (NSF) CAREER Award, the ONR Young Investigator Award, and the Chinese Gold Prize Patent award for his contributions on TD-SCDMA. Mr. Liu is representing the Company as a key member in the Next Generation Broadcasting — Wireless Working Group in China, which is the comprehensive technology platform for the next generation CMMB and China's triple network convergence (i.e. internet, broadcasting, telecom) initiative. Dr. Liu had not held any position nor directorship in other listed companies in the three preceding years.

***Non-executive Directors***

**Mr. CHOU Tsan-Hsiung** ("Mr. Chou"), aged 73, was appointed as an independent non-executive Director in June 2005 and was subsequently re-designated as a non-executive Director in September 2005. Mr. Chou graduated with a bachelor degree in Laws from the National Chengchi University and is a member of Taipei Bar Association. Mr. Chou is currently a practicing lawyer in the Best Truth Law Firm in Taiwan. Mr. Chou previously worked in the Legal Affairs Office of the Central Trust of China. Mr. Chou had not held any position nor directorship in other listed companies in the three preceding years.

**Mr. YANG Yi** ("Mr. Yang"), aged 52, was appointed as a non-executive Director in February 2007. Mr. Yang first graduated from the Beijing University with a Bachelor Degree of Art in International Politics in 1987 and was awarded a scholar of Japanese Education Ministry by the Tokyo University in the same year. In 1991, Mr. Yang was awarded a master degree of Art in Law & Diplomacy by Fletcher School of Law and Diplomacy, jointly administrated by Tufts University and Harvard University. Mr. Yang has about 28 years of experience in finance and human resources management. The major appointments and positions previously assumed by Mr. Yang include a financial analyst at the fixed income division of J.P. Morgan Securities (Tokyo), the vice president of the human capital management of Goldman Sachs LLP (New York), the principal of executive search in the financial industry of Korn/Ferry International (Hong Kong) and a managing director of A.T. Kearney Management Consultancy (Hong Kong). At present, Mr. Yang is the director and founder of G Bridge Limited, Hong Kong based human resources advisory firm. Mr. Yang had not held any position nor directorship in other listed companies in the three preceding years.

***Independent non-executive Directors***

**Mr. WANG Wei-Lin** ("Mr. Wang"), aged 44, was appointed as an independent non-executive Director in September 2005. Mr. Wang has obtained a degree in Juris Scientiae Doctoris (Doctor of Juridical Science) from the Washington University in St. Louis. Mr. Wang also graduated with a Master of Laws degree from the University of Pennsylvania and a bachelor degree in laws from the National Chengchi University. Mr. Wang is a certified attorney in Taiwan and the New York State of the United States of America. Mr. Wang is also a member of the Taipei Bar Association and American Bar Association. Mr. Wang is currently an assistant professor in Shih Hsin University School of Law (世新大學法學院助理教授). Mr. Wang is currently an independent director of YoungFast (洋華光電股份有限公司), a company listed on the Taiwan Stock Exchange Corporation. Save as aforesaid, Mr. Wang had not held any position nor directorship in other listed companies in the three preceding years.

**Mr. LI Shan** ("Mr. Li"), aged 52, was appointed as a non-executive Director in October 2009 and re-designated to an independent non-executive Director in March 2010. Mr. Li graduated from School of Economics and Management of Tsinghua University with a BS degree in Management Information Systems in 1986, from University of California Davis with a MA degree in Economics in 1988, and from Massachusetts Institute of Technology with a PhD degree in Economics in 1993. After graduation, Mr. Li worked as an International Economist for Goldman Sachs & Co. In 1995, he became an Executive Director of Investment Research Department of Goldman Sachs (Asia), Executive Director for Investment Banking in Goldman Sachs International in London in 1997. From 1999 to 2001, Mr. Li was a Managing Director and the Head of China Investment Banking at Lehman Brothers. During 2001-2005, Mr. Li was the Chief Executive Officer for Bank of China International Holdings ("BOCI") in Hong Kong. Mr. Li has over 23 years of experience in investment banking and related financial management. At present, Mr. Li is a founding partner and Chief Executive Officer for San Shan (HK) Limited, an investment advisory company based in Hong Kong, Executive President of the institute for Governance Studies at Tsinghua University, Director for Soufun.com, a company listed on New York Stock Exchange. Mr. Li was also a Director for ENN Ecological Holdings Co., Ltd. and Star Cable, both companies listed on Shanghai Stock Exchange and vice-chairman of UBS Investment Bank, a business division of UBS AG. Save as aforesaid, Mr. Li had not held any position nor directorship in other listed companies in the three preceding years.

**Dr. LI Jun** ("Dr. Li"), aged 54, was appointed as a non-executive Director in June 2007 and re-designated to an independent non-executive Director in May 2011. Dr. Li obtained a doctorate degree of philosophy in Political Economy from Oxford University in the United Kingdom. He was a senior manager and director of a number of securities and investment companies in Hong Kong and had extensive experience in international financial market. Dr. Li is previously an independent non-executive director of Sun Century Group Limited (formerly known as Hong Long Holdings Limited) (Stock code: 1383) until 1 June 2012 and an independent non-executive director of Zhejiang Glass Company, Limited (Stock code: 739) until 31 May 2013. Save as aforesaid, Dr. Li had not held any position nor directorship in other listed companies in the three preceding years.

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

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

## CORPORATE INFORMATION

| | |
|---|---|
| **Registered office** | Cricket Square<br>Hutchins Drive<br>P.O. Box 2681,<br>Grand Cayman KY1-1111<br>Cayman Islands |
| **Principal place of business of the Company in Hong Kong** | Unit 1211, Level 12, Core F<br>Cyberport 3<br>100 Cyberport Road<br>Cyberport<br>Hong Kong |
| **Company secretary** | Ms. Chan Pui Yee Janice, FCCA and HKICPA |
| **Authorised representatives** | Mr. Wong Chau Chi<br>Mr. Chan Pui Yee Janice |
| **Auditor** | HLM CPA limited<br>*Certified Public Accountants*<br>Room 305, Arion Commercial Centre<br>2-12 Queen's Road West<br>Hong Kong |
| **Principal share registrar and transfer agent** | Royal Bank of Canada Trust Company (Cayman) Limited<br>4th Floor, Royal Bank House,<br>24 Shedden Road George Town,<br>Grand Cayman KY1-1110<br>Cayman Islands |
| **Hong Kong branch share registrar and transfer office** | Computershare Hong Kong Investor Services Limited Shops<br>1712-1716, 17th Floor<br>Hopewell Centre<br>183 Queen's Road East<br>Wanchai<br>Hong Kong |
| **Principal bankers** | Hong Kong Shanghai Banking Corporation Limited<br>1 Queen's Road<br>Central<br>Hong Kong |

## PARTIES INVOLVED IN THE RIGHTS ISSUE AND THE ISSUE OF THE BONUS SHARES

| | |
|---|---|
| **Underwriters** | Chi Capital Holdings Ltd<br>P.O. Box 438<br>Road Town, Tortola<br>British Virgin Islands |
| **Legal adviser to the Company** | Orrick, Herrington & Sutcliffe<br>43rd Floor, Gloucester Tower<br>The Landmark<br>15 Queen's Road Central<br>Hong Kong |

## DISCLOSURE OF INTERESTS

### Directors' and chief executive's interests in the Company

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

**Ordinary Shares**

| Name of Director | Capacity/nature of interest | Total number of ordinary shares held | Approximate percentage of interest |
|---|---|---|---|
| Mr. Wong Chau Chi | Interest of controlled corporation *(Note)* | 1,576,891,352 | 25.22% |

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

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

**Interests of substantial shareholders in the Company**

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

| Name of Shareholder | Capacity/nature of interest | Number of ordinary shares *(Note 1)* | Approximate percentage of interest |
|---|---|---|---|
| Chi Capital Holdings Ltd | Beneficial owner *(Note 2)* | 1,576,891,352 (L) | 25.22% |

*Notes:*

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

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

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

**Interests of experts in the Group**

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

**Interests in assets, contracts or arrangements**

None of the Directors or experts named in the paragraph headed "Qualification of experts" in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2015, being the date to which the latest published unaudited condensed consolidated financial statements of the Company were made up, and none of the Directors has any interests in contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group taken as a whole.

**Service contracts**

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

## MATERIAL CONTRACTS

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

## MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 30 June 2015 (being the date to which the latest published unaudited financial statements of the Company were made up).

## LITIGATION

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

## QUALIFICATION OF EXPERTS

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

| Name | Qualification |
|---|---|
| HLM CPA Limited | Certified Public Accountants, Hong Kong |
| Veda Capital Limited | a licensed corporation under the SFO licensed to conduct Type 6 (advising on corporate finance) of the regulated activities under the SFO |

## CONSENTS

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

## GENERAL

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

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

## EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, legal and accounting fees, are estimated to be approximately HK$6.85 million and will be payable by the Company.

## DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Unit 1211, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Cyberport, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. from 29 February 2016 up to and including 15 March 2016, being the date of the EGM:

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

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

(c) the annual reports of the Company for the two years ended 31 December 2014;

(d) the letter from the Independent Financial Adviser;

(e) the letter from the Independent Board Committee;

(f) the accountant's report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group issued by HLM CPA Limited, the text of which is set out in Appendix II to this circular;

(g) the Underwriting Agreement;

(h) the Chi Sub-underwriting Letters; and

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

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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 471)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the above mentioned company (the "**Company**") will be held at Video Conferencing Room, Level 3, Core C. Cyberport 3, 100 Cyberport Road, Hong Kong on 15 March 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

"**THAT**:

(a) the Rights Issue (as defined in the circular dated 29 February 2016 of the Company (the "**Circular**"), a copy of which marked "A" has been submitted to the meeting and signed by the Chairman for the purpose of identification) and the issue of the Bonus Shares (as defined in the Circular) be and are hereby approved and any one or more Directors be and is/are hereby authorized to do all such acts and things, to sign and execute all such further documents and to take such steps as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue and/or the issue of the Bonus Shares or any transactions contemplated thereunder, provided that any actions or steps authorized by this resolution are limited to administrative matters ancillary to the implementation of the Rights Issue and the issue of the Bonus Shares;

(b) the underwriting agreement dated 29 January 2016 between inter alia, the Company and Chi Capital Holdings Ltd ("**Chi Capital**"), a copy of which marked "B" is produced to the meeting and signed by the Chairman for the purpose of identification, whereby Chi Capital agrees to take up its and its associates' entitlement in full under the Rights Issue and to underwrite all Untaken Shares (as defined in the Circular) under the Rights Issue, with up to 447,500,000 Rights Shares to be taken up by it and up to 4,189,012,837 Rights Shares to be taken up by sub-underwriters to be procured by it (the "Underwriting Agreement") be and is hereby approved, confirmed and ratified and the directors of the Company be and are hereby authorised to implement the transactions contemplated by the Underwriting Agreement;

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

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

Hong Kong, 29 February 2016

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

**Principal place of business in Hong Kong:**
Unit 1211, Level 12, Core F
Cyberport 3
100 Cyberport Road,
Cyberport
Hong Kong

*Notes:*

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

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

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

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

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

6. Unless otherwise specified in herein, capitalised terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 29 February 2016.