THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

CMMB VISION

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

ACQUIRING ONE-BELT-ONE-ROAD MOBILE SATELLITE INFRASTRUCTURE TO COMPLETE PLATFORM AND COMMENCE SERVICE IN CHINA
(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION;
(2) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERSION SHARES AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

VEDA | CAPITAL
智略資本

A notice of EGM to be held at 10:00 a.m. on Friday, 21 April 2017 at Board Room, Level 3, Core C, Cyberport 3, 100 Cyberport Road, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. The completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting, should you so wish.

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

A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreement is set out on pages 50 to 72 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Sale and Purchase Agreement is set out on pages 48 to 49 of this circular.

31 March 2017

CONTENTS

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

"Acquisition"	the acquisition of 2,000 ordinary shares representing 20% of the issued share capital of Silkwave Holdings pursuant to the Sale and Purchase Agreement
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Call Option"	the option for the Company to acquire additional equity interest in Silkwave Holdings from Chi Capital within the next 7 years after the Completion, to an equity interest of up to 51%
"Chi Capital"	Chi Capital Holdings Ltd, a company incorporated under the laws of the British Virgin Islands with limited liability, which is wholly-owned by Mr. Wong Chau Chi, the chief executive officer of the Group, an executive Director and the chairman of the Board
"Chi Vision USA"	Chi Vision USA Corporation, a non-wholly owned subsidiary of the Company, incorporated under the laws of Delaware, US with limited liability and is owned as to 79% by the Company, 20% by NYBB and 1% by Chi Capital
"Circular"	the circular to be dispatched to the Shareholders setting out further details on the Acquisition, Disposal and Specific Mandate, and containing a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and the notice of the EGM
"CMMB"	Converged Mobile Multimedia Broadcasting, a digital mobile multimedia technology developed by and currently commercially deployed in China under the SAPPRFT. It can deliver digital mobile television and multimedia contents via both terrestrial and satellite networks directly to mobile and wireless devices such as smartphone, tablet, pocket television, lap-tops, automobile digital receivers and personal media player that are equipped with a CMMB—enabled chipset. Its broadcast oriented delivery can render data contents to be received anytime anywhere with enormous scale and cost efficiency and encounter no traffic interruption or bandwidth squeeze typical of today's unicast-based cellular network. The signals can be received over 350 kilometer/hour without distortion. The technology is also known as sTiMi (Satellite and Terrestrial Interactive Mobile Infrastructure")

"CMMB Vision USA"	CMMB Vision USA Inc., a non-wholly owned subsidiary of the Company, incorporated under the laws of Delaware, US with limited liability and is owned as to 51% by the Company and 49% by Chi Capital
"Company"	CMMB Vision Holdings Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Acquisition and Disposal
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of US$240 million for the Acquisition
"Conversion Share(s)"	the 1,862,400,000 new Shares to be issued by the Company to Chi Capital pursuant to the exercise of the conversion rights attached to the Convertible Notes
"Convertible Notes"	the notes with a total principal amount of US$96 million to be issued by the Company to Chi Capital as part of the Consideration, convertible into Shares at HK$0.4 per Conversion Share
"Director(s)"	the directors of the Company
"Disposal"	the disposal of 49% equity interest in Global Vision by the Company as part of the Consideration
"EBITDA"	earnings before interest, taxes, depreciation and amortization
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement, the Acquisition and the Disposal contemplated thereunder and to grant the Specific Mandate
"General Offer"	an offer to buy all Shares from all Shareholders
"Global Vision"	國廣中播傳媒技術有限公司 Global Vision Media Technology Co., Ltd., a joint venture company set up by the Company and Global Broadcasting Media Group, of which the Company holds 49% and Global Broadcasting Media Group holds 51% as at the date of this circular
"Group"	the Company and its subsidiaries

"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Board Committee"	an independent committee of the Board established by the Board to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement, the Acquisition, the Disposal and the grant of the Specific Mandate
"Independent Financial Adviser"	Veda Capital Limited, a licensed corporation to conduct type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the Sale and Purchase Agreement and the transactions thereunder; and (ii) the grant of the Specific Mandate
"Independent Shareholders"	the Shareholders other than (i) Chi Capital and parties acting in concert with it; (ii) Mr. Wong Chau Chi and his associates; and (iii) those who are involved in or interested in the Sale and Purchase Agreement, the Acquisition; and/or the Specific Mandate
"ITU"	International Telecommunication Union, a United Nations agency and the ultimate global regulatory body for global spectrum frequencies allocation for satellite and telecommunication
"Latest Practicable Date"	29 March 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MHz"	mega hertz
"MOU"	the memorandum of understanding entered into by the Group and NYBB II as disclosed in the announcement of the Company dated 10 September 2014
"NYBB"	New York Broadband, LLC, a company incorporated under the laws of Delaware, US and is currently held by 3 individual shareholders who are independent and not connected persons to the Company as to 80% and Chi Capital, a connected person of the Company, as to 20%

"NYBB (Cayman)"	New York Broadband Limited, a company incorporated under the laws of the Cayman Islands and is beneficially held by 3 individual shareholders who are independent and not connected persons to the Company as to 80% and Chi Capital, a connected person of the Company, as to 20%; which has the same shareholder structure of NYBB
"NYBB II"	New York Broadband II, LLC, a limited liability company incorporated under the laws of Delaware, US and is owned as to 100% by Silkwave Holdings immediately prior to the signing of the Sale and Purchase Agreement
"NYSH"	New York Satellite Holdings, LLC, a limited liability company incorporated in Delaware, US and is owned as to 100% by NYBB II
"PRC" or "China"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong and Taiwan
"Pre-acquisition Restructuring"	has the meaning as defined in the section headed "INFORMATION ON SILKWAVE HOLDINGS — AsiaStar Platform — Pre-Acquisition Restructuring", being certain transactions to be entered into by Silkwave Holdings and its subsidiaries before the Completion
"Pre-Listing Share Option Scheme"	the share options scheme of the Company adopted on 5 July 2005
"Sale and Purchase Agreement"	the sale and purchase agreement dated 31 October 2016 entered into between the Company as the purchaser and Chi Capital as the seller with respect to the sale and purchase of 20% equity interest in Silkwave Holdings
"SAPPRFT"	the State Administration of Press, Publication, Radio, Film, and Television (國家新聞出版廣播電影電視總局) of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Silkwave Holdings"	Silkwave Holdings Limited, a company incorporated under the laws of the Cayman Islands, beneficially held as to 55% by Chi Capital and 45% by NYBB immediately prior to the signing of the Sale and Purchase Agreement

"Specific Mandate"	a specific mandate to be considered and, if thought fit, granted by the Shareholders to the Board to issue the Conversion Shares upon conversion of the Convertible Notes
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs
"US"	the United States of America
"US$" or "USD"	US dollar, the lawful currency of US
"%"	per cent

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

Executive Directors:
Mr. WONG Chau Chi
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

31 March 2017

To the Independent Shareholders

Dear Sir or Madam,

ACQUIRING MOBILE SATELLITE INFRASTRUCTURE TO COMPLETE PLATFORM AND COMMENCE SERVICE IN CHINA (1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION; (2) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERSION SHARES; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

As mentioned in the announcement of the Company dated 31 October 2016, subject to the satisfaction of certain conditions, the Company and Chi Capital entered into the Sale and Purchase Agreement, pursuant to which the Company as the purchaser has conditionally agreed to purchase, and Chi Capital as the seller has conditionally agreed to sell, 2,000 ordinary shares in Silkwave Holdings, representing 20% of the entire issued share capital of Silkwave Holdings, which through its wholly-owned subsidiary, indirectly holds a geosynchronous L-band satellite operating platform, named "AsiaStar", including its 40 MHz spectrum frequency use, orbital slots, capacity of AsiaStar satellite and the Silkwave-1 satellite under construction and a media service platform with ample international programming, in order to provide multimedia broadcasting and Internet-based content delivery services to vehicles and mobile devices in China and other Asian markets with unprecedented efficiency ubiquity and economies of scale.

The Company has the seven-year Call Option to acquire from Chi Capital an additional 31% equity interest in Silkwave Holdings to bring the Company's equity interest in Silkwave Holdings to 51% so as to consolidate Silkwave Holdings as a subsidiary of the Company. The Company will be granted by Chi Capital and Silkwave Holdings, the management rights of the operation of Silkwave Holdings upon completion of the Sale and Purchase Agreement.

The Consideration payable to Chi Capital under the Sale and Purchase Agreement is US$240 million, out of which US$94 million will be paid by cash, US$96 million will be satisfied by the issue of the Convertible Notes and US$50 million will be satisfied by the Disposal, which involves the Company's transfer and injection of its 49% equity interest in Global Vision into Silkwave Holdings. The Consideration represents an approximate 70% discount to the fair value of Silkwave Holdings in favor of the Company.

The proposed Acquisition, if completed, will combine the valuable assets of Silkwave Holdings with the Company's resources, such as its technologies, Chinese ecosystem platform, and recent breakthroughs to create a full-fledged Silkwave platform, which now has the necessary operating capabilities to start deploying mobile multimedia and data services capable of supporting for billions of vehicles and mobile users across China and eventually One-Belt-One-Road Asia while the Company remains as a major shareholder of Silkwave Holdings.

This arrangement represents the most practical and effective way for the Company to crystalize years of its efforts in developing a scalable and universal mobile platform to capture the explosive multimedia and opportunities of the Internet era it has long envisioned. It is a fast-track solution to execute the Company's ambitious business plan and realize greater revenue potential with minimum capital burden. In particular, the financing of the new Boeing satellite will now be shouldered by Silkwave Holdings and underwritten by a leading US-based investment bank. Other than the Consideration, there will be no further capital commitment from the Company on Silkwave Holdings.

Following the completion of the proposed Acquisition, Silkwave Holdings is expected to commence business in three phases:

1. Phase-1: Trial service under AsiaStar satellite from now till 2018, to validate technologies, business models, and nurture content and operating partnership with ecosystem players such as OTT providers and OEM carmakers.

2. Phase-2: Full launch of commercial service in 2019 for vehicles under the high-power Silkwave-1, in which significant revenue is expected and to be brought in and grow rapidly into future years throughout the life span of Silkwave-1, which is estimated to have 15 years of commercial life before replacement. Services for mobile consumers will also follow.

3. Phase-3: Commercial expansion into Asia One-Belt-One-Road countries (i.e., Indonesia, India) with regional partners post 2019 by leveraging the same satellite footprint and turnkey ecosystem solution from China, which will keep expansion cost marginal and add significant net revenue to the Company and become a regional leader.

Going forward, the Company will remain as an investment holding company with core businesses in the media, entertainment and mobile Internet industry as flanked by a terrestrial digital TV operation in the US, a satellite-based multimedia operation in China/Asia, and a PCB components trading operation facilitating the industry's device and equipment making, which together could cross-fertilize synergies with each other. The Company further expects to move downstream to content production by joining hands with Chinese and Hollywood partners for a variety of user-driven programs and services in movie, music, radio, games, and interactive media. It expects to do so with a great deal of competitive edge by leveraging its unique delivery network and the immense customer eyeballs it can capture. Taken together, the Company will become a vertically integrated global multimedia operator for multimedia entertainment and data communication tailored to vehicles and mobile consumer in the new Internet age. However, as at the Latest Practicable Date, the Company has not entered, or comtemplated to enter, into any negotiation, arrangement, agreements or understanding in relation to the content production.

The initial conversion price of the Convertible Notes of HK$0.4 per Conversion Share represents (i) a discount of approximately 3.61% to the closing price of HK$0.415 per Share as quoted on the Stock Exchange on the Latest Practicable Date; (ii) a discount of approximately 4.08% to an average closing price of HK$0.417 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date; and (iii) a discount of approximately 6.10% to the average closing price of HK$0.426 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Latest Practicable Date.

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

The major terms of the Sale and Purchase Agreement are summarised below:

Sale and Purchase Agreement

Date:	31 October 2016
Parties:	(i) Chi Capital as the seller; and (ii) the Company as the purchaser.
Subject Matter:	Pursuant to the Sale and Purchase Agreement, Chi Capital agreed to sell and the Company agreed to purchase 2,000 ordinary shares in Silkwave Holdings, representing 20% of the entire issued share capital of Silkwave Holdings. Upon completion of the Acquisition, Silkwave Holdings will become a strategic investment holding and an affiliate of the Company. The Company also has the Call Option to purchase an additional 31% equity interest in Silkwave Holdings from

Chi Capital within 7 years from the Completion. Should the Company exercise the Call Option and successfully acquire the additional 31% equity interest in Silkwave Holdings, assuming no dilution, Silkwave Holdings will become a non-wholly-owned subsidiary of the Company and its financial results will be consolidated into that of the Group.

Consideration: The Consideration payable to Chi Capital under the Sale and Purchase Agreement is US$240 million, which was determined based on arm's length negotiation between the parties thereto taking into account a number of factors including the business prospects, the future synergies to be derived by the Group after the successful integration of Silkwave Holdings, the reasons for and the benefits to be derived from the Acquisition as described below and also the prices of the comparable assets in the market.

In particular, for the purpose of determining the amount of the Consideration, the Board has taken into account the prices of satellite spectrum per MHz per population covered (i.e. number of people) among the purchases and sales of comparable satellite spectrum licenses and air-wave in the Europe markets, which range from US$0.11 to US$0.211 per MHz per population covered.

Valuation of the Consideration: The total Consideration of US$240 million represents US$1.2 billion for 100% of the equity interest in Silkwave Holdings. According to a valuation report obtained from a third party professional valuer, the AsiaStar satellite platform and related assets of Silkwave Holdings are appraised at US$4.254 billion for its L-band spectrum holdings alone based on a market-comparison approach, which takes into account of comparable international auction prices of similar electromagnetic spectrum. Therefore, the Consideration represents a steep discount of approximately 70% to its fair value. Furthermore, the appraised valuation only takes into account of China and its 1.4 billion population under coverage and not the entire Asia regions which has 4.4 billion population, which if were to be taken into account, will significantly increase Silkwave Holdings' appraised value. The Company considers the inclusion of China-only valuation is appropriate for now as it is the base market for its development with a concrete business plan and the rest of the regions are for future development.

Payment: The Consideration will be satisfied in the following ways:

Cash: US$94 million of the Consideration will be satisfied by cash, out of which US$91.4 million would be offset by the deposit paid by the Group to Chi Capital, and US$2.6 million shall be fully settled no later than 5 years upon the Completion. The Company finances the cash consideration for the Acquisition by bank credit facility, shareholder loans, private equity, share placement, or a combination of the above.

Convertible Notes: US$96 million of the Consideration will be satisfied by issue of the Convertible Notes with a total principal amount of US$96 million, convertible into Shares at the initial conversion price of HK$0.4 per Conversion Share upon the Completion.

Equity contribution: US$50 million of the Consideration will be satisfied by the Disposal, being the Company's transfer of its 49% equity interest in the recently formed joint-venture company in China, Global Vision, to Silkwave Holdings, which will become part of the on-going operating assets of Silkwave Holdings. Global Vision was formed between the Company and Global Broadcasting Media Group of China Radio International, one of China's top three state-media conglomerates as a dedicated satellite mobile broadcast service operating platform with official status and necessary regulatory franchise. Please also refer to the paragraph headed "Further Information on the Disposal" below.

Call Option: The Company has a seven-year Call Option to acquire from Chi Capital an additional 31% equity interest in Silkwave Holdings to bring the Company's equity interest in Silkwave Holdings to 51% so as to consolidate Silkwave Holdings as a subsidiary of the Company, assuming that there will be no additional allotment or issues of shares by Silkwave Holdings. The exercise price of the Call Option is US$500 million. In the event that there would be any share dilution prior to the exercise, Chi Capital undertakes that it will acquire such number of additional shares in Silkwave Holdings and, upon exercise of the Call Option, offer to transfer such additional shares at the same valuation of the last investor's investment as necessary for the Company to reach the 51% controlling stake in Silkwave Holdings.

Call Option Contingency:	As the management of the Company is given certain management rights in Silkwave Holdings, the Call Option provides substantial incentives for the Company to ally its interest with Silkwave Holdings. It is reasonable from the perspective of the shareholders of Silkwave Holdings that the Company's management has to perform according to expectation and therefore certain thresholds for the exercise of the Call Option is necessary. Therefore, the Call Option will become effective provided Silkwave Holdings will generate EBITDA based on audited report of US$200 million in any given year in the seven-year period of the Call Option.
Call Option Settlement:	The settlement for the exercise price of the Call Option will be satisfied with 50% (or US$250 million) in cash and 50% (or US$250 million) in convertible notes (hereinafter referred to as the "**Second Convertible Notes**"), which will have the same terms and conditions as the Convertible Notes (or, the "**First Convertible Notes**").
Management Rights:	The Company will be granted by Chi Capital and Silkwave Holdings' management rights of the operation of Silkwave Holdings upon completion of the Sale and Purchase Agreement. Such management rights will include but not limited to the appointment of one director out of the three board seats, chairman, chief executive officer or general manager of Silkwave Holdings, the formulation of budget, distribution of dividends, capital fund-raising, merger, liquidation and daily management of Silkwave Holdings, subject to the approval from the board of directors of Silkwave Holdings. Mr. Wong Chau Chi, the chief executive officer of the Group, and Dr. Liu Hui, the chief technology officer of the Group, both Directors, will initially constitute part of the management team of Silkwave Holdings.
Conditions Precedent:	Completion of the Sale and Purchase Agreement is conditional upon, among others, the following conditions having been fulfilled or waived by the Company and/or Chi Capital: (i) satisfactory due diligence on the legal, regulatory and financial status of Silkwave Holdings; (ii) the approval by the Independent Shareholders at the EGM, of the Acquisition, the Disposal and the allotment and issue by the Company of the Conversion Shares upon exercise of conversion rights, with voting being taken by way of poll;

(iii) the listing of, and permission to deal in, the Conversion Shares having been granted by the Stock Exchange and not having been revoked prior to the Completion;

(iv) the relevant broadcasting licences and the uplink permit or equivalent approval issued by the relevant Authority in China;

(v) all other approvals, consents, licenses, permits, transfers, waivers and exemptions necessary to complete and effect the Acquisition and Disposal having been obtained;

(vi) completion of the Pre-acquisition Restructuring; and

(vii) each of the representations and warranties given by the parties in the Sale and Purchase Agreement being true and correct in all material respects as of the date of the Completion.

The Company is entitled to waive any of the conditions precedent to the Completion except for conditions (ii), and (iii) above pursuant to the Sale and Purchase Agreement.

As at the Latest Practicable Date, all of the conditions precedent to the Sale and Purchase Agreement have not been satisfied or waived.

At as the Latest Practicable Date, the relevant broadcasting licenses and the uplink permit or equivalent approval and all other necessary approvals, consents, licenses and permits required for the business operations in China have not been obtained.

About the Call Option

The exercise price of the Call Option of US$500 million is determined assuming that there is no early exercise of the Call Option and it can only become effective provided that Silkwave Holdings will generate EBITDA of US$200 million based on the audited report in any given year in the seven-year period of the Call Option. It implies that Silkwave Holdings needs to endure a carrying cost for its asset for 7 years. Comparing the implied consideration of US$175.7 million for 20% equity interest in Silkwave Holdings and 9.8% equity interest in Global Vision to the exercise price of US$500 million for its additional 31% equity interest in the seven-year period, represents approximately 9% compounded annually, which will gain the power of control over Silkwave Holdings. In determining the exercise price of the Call Option of US$ 500 million, the Company has considered (i) the expected gross domestic production growth of the PRC; and (ii) the future prospect of Silkwave Holdings as stated in the section headed “Reasons for and benefits of the Acquisition and the Disposal”. Based on the above factors, the Company considers the exercise price of the Call Option is fair and reasonable.

About Conditions Precedent

The current AsiaStar Satellite carries three transponders, covering three different footprints for East, South and West, serving China, Southeast Asia and India market, respectively.

For China market, Global Vision is building a dedicated satellite-based digital multimedia broadcasting ecosystem. The joint venture partner of Global Vision is Global Broadcasting Media Group ("GMG") which was established as an operating platform by China Radio International ("CRI") under SAPPRFT, the ultimate government media regulator and operator in China; and China International Broadcasting Network Station ("CIBN") to facilitate the international station to be built into a modern integrated and new international media company. The management of the Company expects that through Global Vision, services will be operated officially and legitimately throughout China.

As announced by the Company on 10 November 2016, Global Vision entered into a strategic cooperation agreement with China's Telematics Industry Applications Alliance ("TIAA"). Through this agreement, it has formulated trial networks in key national automative bases, including Chongqing, Changchun and Dalian, in a partnership with government authorities to carry out comprehensive trial services to test, validate and optimize the technologies, application, devices, equipment, systems, service models and partnership alignments so as to pave for commercial service launch. With this agreement, it enables the Company to quickly leverage an existing connected-car ecosystem and utilize its vast and low-cost resources available to jump start its business. In particular, the agreement allows the Company to:

- Integrate its technology as part of the ecosystem standard and mobilize the supply chain to provide full-scale product support.

- Bundle a consumer service package with auto-makers' pre-factory vehicles to be directly sold to car buyers.

- Develop innovative and value-added content and services with media and Internet operators tailored to unique satellite delivery.

- Create a dedicated supply-chain ecosystem to support the Company's unprecedented satellite platform that otherwise would be more time-consuming and costly.

As announced by the Company on 11 January 2017, Global Vision entered into another strategic cooperation framework agreement with China Internet Information Centre. Under this agreement, they will jointly develop internet-based multimedia content and channels to support the Company's connected-car satellite multimedia services in China and other Asia Pacific countries. This agreement is an important collaboration with a leading State-media in China, aiming at developing and creating Internet-based video, audio, and data content with low-cost, high-quality, and diversity dedicated to Company's connected-car multimedia services, which when combined with the ubiquitous satellite capabilities, will well-position the Company to capture the service entry for in-car entertainment and information consumption and become the largest vehicle media provider and advertiser one day. In addition, the agreement further illustrates continuous support and recognition from the Chinese Government for the Company's innovative endeavor.

Other than the China market, the Company has also devoted in the development of the Asia Pacific markets. The Company has established a satellite mobile entertainment service under testing for the South East Asia countries, including Indonesia, Malaysia, Thailand, Singapore, Vietnam, Laos, Cambodia, Myanmar and countries adjacent to the South China Seas. Users with our devices can receive popular international live mobile TV programming anywhere across the region without depending on the conventional mobile networks. The service is the first of its kind in the region, leveraging on L-band in providing a satellite-based mobile video entertainment on the go to the mass market mobile, vehicular and nomadic users. The initial contents include 6 channels of the most popular international and regional TV programming, eventually upgrading to 12 channels via the ground station in Brisbane, Australia. The Company expects to launch the services in Asia Pacific markets by the second half year of 2017 using the existing AsiaStar capacity.

As at the Latest Practicable Date, the satellite service communication licence for the AsiaStar satellite and its uplink permit in Australia has already been obtained which is sufficient to support its broadcasting services covering the Asia Pacific countries, other than China. The business development through Global Vision for the China market has proved a positive roadmap to achieve the Company's business plan regarding trial services under the AsiaStar satellite from now till 2018 and full launch of commercial services is expected subsequently in 2019.

The Company expects to complete the Sale and Purchase Agreement in 2017. The Company expects the relevant broadcasting licences and uplink permit in China may be obtained by Global Vision in 2018 and/or 2019 due to the time required for the Company and Global Vision to demonstrate its ability to conduct the relevant operations through cooperation with TIAA and China Internet Information Centre and the time required for the approval processes. As at the Latest Practicable Date, the Company has not encountered any significant difficulties or legal or regulatory impediments in obtaining the required licenses, permits and/or approvals. There is no relevant approval requirements in other Asia Pacific countries. To avoid disruption of the business plan, the Company will waive the conditions precedent (iv) and/or (v) regarding obtaining all the required licenses, permits and/or approvals, in order to complete the Sale and Purchase Agreement.

The completion of the Sale and Purchase Agreement is subject to the fulfillment of various conditions precedents and may or may not proceed to the Completion. Accordingly, Shareholders and potential investors should exercise caution when dealing in the Shares.

FURTHER INFORMATION ON THE DISPOSAL

US$50 million of the Consideration (the "**Disposal Consideration**") will be satisfied by the Disposal of the Company's 49% equity interest in Global Vision, which is to be transferred and injected into Silkwave Holdings. The Disposal Consideration was arrived at after arm's length negotiation between the Company and Chi Capital with reference to the Company's total capital contribution to Global Vision and the incremental costs incurred such as market and development costs incurred by the Group, expenditures related to market research, consultancy services and due diligence work etc; and potential growth. The Company has paid US$16.5 million in capital into Global Vision and Global Vision has a net book value of US$14.62 million as at 30 September 2016 based on the management accounts of Global Vision.

The Directors has assessed the Disposal Consideration of US$50 million based on (i) total paid up capital to Global Vision of US$16.5 million; (ii) total market and development costs incurred by the Group since 2014 when the Company announced to commence the satellite broadcasting business in September 2014 and up to 30 September 2016, amounting to approximately US$11.0 million (2014: US$392,000; 2015: US$6,274,000 and 2016: US$4,312,000); and (iii) the realisation of the potential growth and contribution to the Group from the satellite broadcasting business.

Global Vision was established in 2015. With dedicated efforts contributed by the Company, including management involvement, technologies expertise, financial support, etc, Global Vision has been achived various significant milestone. Global Vision entered into a strategic cooperation agreement with China's Telematics Industry Applications Alliance. Through this agreement, it has formulated trial networks in key national automative bases, including Chongqing, Changchun and Dalian, in a partnership with government authorities to carry out comprehensive trial services to test, validate and optimize the technologies, application, devices, equipment, systems, service models and partnership alignments so as to pave for commercial service launch. Global Vision entered into another strategic cooperation framework agreement with China Internet Information Centre. Under this agreement, it will jointly develop internet-based multimedia content and channels to support the Company's connected-car satellite multimedia services in China and other Asia Pacific countries. Having taken into account the above progress made by Global Vision, the Directors considers the Disposal Consolidation of US$50 million is fair and reasonable and in the interests of the shareholders as a whole.

The following financial information is extracted from the management accounts of Global Vision.

	Date of incorporation to 31 December 2015	**Period ended 30 September 2016**
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Loss before tax	2,291	7,668
Income tax expenses	—	—
Net loss for the period	2,291	7,668
Net assets value	10,400	97,554

It is expected that the Company will record a gain of approximately US$42.84 million (subject to audit), being the difference between the Disposal Consideration less estimated expenses and the net book value of the 49% equity interest in Global Vision as stated at the consolidated management accounts of the Group as at 30 September 2016.

INFORMATION ON THE CONVERTIBLE NOTES

Convertible Notes (First Convertible Notes)

The principal terms of the Convertible Notes to be issued are summarized below.

Coupon rate:	The Convertible Notes are not interest bearing.
Total principal amount:	US$96 million
Maturity date:	Seven years from the date of issue of the Convertible Notes. The term of the Convertible Notes is determined by arm's length negotiation between the parties, taking into account the track record of previous convertible notes issued by the Company, the expected time required by the Company to implement its business plans, and the terms of convertible notes issued by other public companies in the market.
Redemption Amount:	100% of the principal amount
Conversion Price:	HK$0.4 per Conversion Share, subject to adjustments as stated below. The initial conversion price of the Convertible Notes of HK$0.4 per Conversion Share represents: (i) a discount of approximately 3.61% to the closing price of HK$0.415 per Share as quoted on the Stock Exchange on the Latest Practicable Date; (ii) a discount of approximately 4.08% to an average closing price of HK$0.417 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date; and (iii) a discount of approximately 6.10% to the average closing price of HK$0.426 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Latest Practicable Date. The Hong Kong dollar equivalent to the principal amount of the Convertible Notes being converted shall be calculated by using the fixed exchange rate of HK$7.76 per US$1.00.
Number of Conversion Shares to be issued:	Upon full conversion of the Convertible Notes, a maximum of 1,862,400,000 Conversion Shares (subject to adjustment) will be issued, representing approximately 99.3% of the issued share capital of the Company as at the date of this circular and approximately 49.8% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares.

As at the Latest Practicable Date, the authorized share capital of the of the Company was HK$5,000,000,000 comprising 500,000,000,000 Shares with a par value of HK$0.010 each, of which 1,875,960,800 Shares were in issue.

Upon issuance, the Conversion Shares will rank pari passu with all the then existing Shares in issue.

Conversion Restrictions: Holders of the Convertible Notes shall not be entitled to exercise the conversion rights to convert any part of the outstanding principal amount of the Convertible Notes into new Shares if (i) such conversion will cause the public float of the Company to fall below the minimum public float requirement under Rule 8.08 of the Listing Rules (the "**Minimum Public Float**"); or (ii) the aggregate beneficial interest to be held by the such holder(s) of the Convertible Notes in the Company as a result of such conversion, together with the shareholding interest in the Company held by parties acting in concert with it (the "**Aggregate Beneficial Interest**"), to become equal to or exceed 30% of the total Shares in issue or any other threshold which will trigger the obligation on the part of the holder of the Convertible Notes to make a mandatory General Offer pursuant to the Takeovers Code (the "**Conversion Threshold**") following such conversion.

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

Transferability: The Convertible Notes are not transferable unless with the prior written consent by the Company, which consent shall not be unreasonably withheld by the Company.

Adjustment of conversion price:	The conversion price of HK$0.4 per Share is subject to adjustments in the case of the following customary anti-dilution events, (i) free distribution of shares, subdivisions, consolidations or reclassification of shares, (ii) stock dividends, (iii) certain grant, offer or issue of options, rights or warrants or convertible or exchangeable securities; (iv) capital distributions including indebtedness, certain assets or shares of capital stock of the Company or certain other securities; (v) capitalization of profits or reserves; and (vi) issue of Shares for cash or as consideration for acquisition of assets at an issue price which is less than the then market price of the Shares. For the avoidance of doubt, the Company shall give effect to any adjustment which has not been effected due to restriction(s) under any applicable laws, rules or regulations as soon as practicable after such restriction(s) cease to apply. The Company will make an announcement when there is any adjustment to the conversion price of the Convertible Notes.
Voting right:	Holder(s) of the Convertible Notes will not carry voting rights at any shareholders meetings of the Company by reason only of being holder(s) of the Convertible Notes.
Redemption:	The outstanding Convertible Notes may be redeemed by the Company at any time from the date of issue to the maturity date of the Convertible Notes at the principal amount.
Restrictive Covenants:	So long as 50% of the original principal amount of the Convertible Notes remains outstanding, the Company will not, and will ensure that none of its subsidiaries will create, or have outstanding, any encumbrance upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness, or any guarantee or indemnity in respect of any relevant indebtedness, without at the same time or prior thereto according to holders of the Convertible Notes the same security as is created or subsisting to secure any such relevant indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by the holder of the Convertible Notes.

Pre-emption Rights:

The Company has undertaken to Chi Capital that, amongst other matters, subject to compliance with the relevant rules and regulations, including provisions of the Listing Rules, for so long as 50% of the original principal amount of the Convertible Note remains outstanding, if the Company proposes to issue any equity securities, Chi Capital shall have the right ("**Pre-emption Right**") of first refusal to subscribe for up to such portion of the new equity securities as would allow Chi Capital to maintain the same level of shareholding in the Company on a fully diluted and as-converted basis as at the date when offered to exercise such Pre-emption Right.

In addition, Chi Capital will abstain from voting in favour of a mandate (including a general mandate) that may be used to satisfy the exercise of anti-dilution rights held pursuant to the Pre-emption Rights.

Events of Default:

The holder of the Convertible Notes may give notice to the Company that the Convertible Notes are, and they shall on the giving of such notice immediately become, due and payable at their principal amount and all other sums payable under the Convertible Notes if:

(i) the Company fails to pay any principal amount in respect of the Convertible Notes when due, unless non-payment of such amount is due to administrative or technical error and payment is made within 3 business days of the due date thereof; or

(ii) the Company defaults in the performance or observance of or compliance with any of its other obligations set out in the instrument constituting the Convertible Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 14 days after notice of the occurrence of such default by the holder of the Convertible Notes; or

(iii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries (and, where any such appointment is made in relation to a major subsidiary, the appointment is not discharged within 14 days of it being made); or

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

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

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

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

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

For the purpose of the definition of "Change of Control", "Control" means (i) the direct or indirect ownership or control of more than 50% of the outstanding voting securities of the Company; (ii) the ability to appoint or remove more than one-third of the directors of the board (or equivalent governing body) of the Company; (iii) the right to control the votes at a meeting of the board of directors (or equivalent governing body) of the Company; or (iv) the ability to direct or cause the direction of the management and policies of the Company (whether by contract or howsoever arising).

Consequence of Default:	Following the occurrence of an Event of Default, the holders of the Convertible Notes will have the right, at the option of such holder of Convertible Notes, to require the Company to immediately redeem all of such holder's Convertible Notes at an amount equal to the higher of (i) 130% of the principal amount outstanding of the Convertible Notes to be redeemed; and (ii) 110% of the fair market value of the Convertible Notes.

The Second Convertible Notes

All material terms of the Second Convertible Notes shall be identical to that of the Convertible Notes, except for its principal amount, date of issue and maturity date. The Second Convertible Notes will be issued and will only be issued upon the exercise of the Call Option, which could be anytime within the next seven years. For the avoidance of doubt, the Second Convertible Notes will not be issued if the Call Option is not exercised. The Company will make further announcement(s) in relation to the issue of the Second Convertible Notes as and when appropriate.

MOU FOR "ASIASTAR" PLATFORM ACQUISITION

As disclosed in the announcement of the Company dated 10 September 2014, the Company has partnered with NYBB II, now owned by Silkwave Holdings, and entered into the MOU to acquire the capacity and certain assets of the current satellite AsiaStar and follow-on new satellites. The MOU gave the Company the ability to access the L-band spectrum to prepare for its satellite mobile multimedia services in Asia while it is in negotiation with related parties to acquire the whole satellite platform.

Both the Company and NYBB II have agreed to transfer the MOU obligations to Chi Capital as a result of the Sale and Purchase Agreement.

It is the consensus among the parties to the MOU that the transactions contemplated under the MOU will be implemented by way of the Sale and Purchase Agreement, including the acquisition of 20% equity interest in Silkwave Holdings by the Company and the grant of the Call Option to acquire an additional 31% equity interest in Silkwave Holdings to the Company. In particular, upon exercise of the Call Option, the Group will acquire a majority shareholding in Silkwave Holdings and thereby acquire control of the AsiaStar satellite and related assets. The Company confirms that other than the Sale and Purchase Agreement and the transactions contemplated under it, including the Call Option and any exercise of the Call Option, it is not required to enter into any other transactions for the implementation of the MOU.

The business objective of the MOU has been achieved through the Sale and Purchase Agreement. The Company does not expect there is any further obligations under the MOU and if any, both the Company and NYBB II agreed to transfer to Chi Capital.

As further disclosed in the announcement of the Company dated 27 October 2015, the Company has entered into an agreement with NYSH 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. No consideration is concluded for this acquisition as the Company is negotiating to acquire the AsiaStar satellite platform and related assets which the price will be considered together in the Sale and Purchase Agreement as a whole.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE DISPOSAL

The proposed Acquisition, if completed and combined with the Company's resources, such as its CMMB multimedia technologies, Chinese satellite broadcasting service platform, as well as the recent milestone developments, will create a full-fledged Silkwave platform with end-to-end capabilities to deliver unprecedented mobile entertainment and data services universally to vehicles and mobile consumers over China, and later extending to One-Belt-One-Road Asia, while the Company is a strategic shareholder of Silkwave Holdings with management rights, business consolidation option, thereby enjoying the business upside with minimal risk.

Benefits of the Acquisition are further articulated as follows:

Instant Creation of a Full-fledged L-band Satellite Mobile Multimedia Business Platform for China and Regionally

At Completion, the Company will effectively combine its multimedia operating assets such as service and technology platform in China with the large satellite infrastructure assets of Silkwave Holdings to form a full-fledged satellite-based multimedia service platform with the necessary portfolio of technology, service platform, delivery infrastructure, operating approvals, management expertise to deliver L-band based satellite mobile multimedia services in China and later in One-Belt-One-Road Asia countries. The services will include live streaming of TV/video, audio, web-content downloads, and real-time telematics media services that bypass the conventional cellular network without bandwidth constraints, without data charges, and without bottleneck congestion. Leveraging on the 20% stake and the Call Option to acquire up to 51% of Silkwave Holdings plus management rights, the Company will be able to take advantage of this sprawling business platform with minimum capital outlay.

Effectively Monetizing Development Efforts While Retaining Upside

This new business lineup also represents a much more effective way for the Company to monetize its years of efforts and assets invested in developing mobile multimedia services. The Company aims to deliver next-generation mobile multimedia and data services ubiquitously to everyone from China to Asia by building a sprawling satellite platform. So far it has labored relentlessly to develop the relevant technologies and service platform and has been in talk to acquire the only available L-band satellite infrastructure in Asia central to its platform completion. However, recent global turmoil and financial market uncertainties have posed serious challenge to the Company. It is apparent that to acquire the needed satellite assets and develop into a full service platform will require tremendous upfront and on-going capital commitments from the Company over the next few years before major revenue will kick in, which will be very exhaustive and risky for the Company given its resources and the financial market environment. By merging its operating assets with the Silkwave satellite infrastructure, the Company has short-cut a development path which can synergize and monetize its assets and efforts while, through its stake in Silkwave Holdings, effectively retaining a certain degree of control and upside of a business it has envisioned, pioneered, and will continue to steer. Silkwave Holdings, with all the combined resources, will have a much greater certainty to succeed in deploying services and maximizing returns.

Drastically Reducing Future Capital Commitments

The Acquisition allows the Company with low entry cost and capital commitment to own, develop, manage and participate in all the upsides of the satellite mobile multimedia business in China and eventually regionally. It shifts away much of the extensive financial burden of acquiring the AsiaStar satellite infrastructure and new satellites such as Silkwave-1 as well as funding the terrestrial networks and business operations in China to the independent and better equipped Silkwave platform, which now can better attract financial and investment support from the global institutions and strategic investors.

Flexibility to Consolidate Successful Operation

Lastly, with the management rights and the Call Option, the proposed Acquisition will give the Company flexibility to consolidate Silkwave Holdings into the Company as it becomes successful and profitable.

The 49% equity interest in Global Vision will be transferred and injected into Silkwave Holdings. The Directors are of the view that the Disposal will allow the Group to effectively re-allocate resources to other business segments and consolidate the satellite platform and related businesses under Silkwave Holdings. Global Vision was set up to be the operating partnership with the Chinese government for broadcasting satellite-based mobile multimedia services to the mass-market. It signifies an operating entity to crystalize various political, technical, and business support in China. It will need to combine with the Company's satellite resources to be able to deliver services. By merging it with Silkwave Holdings, which the Company will own 20% with management rights, the Company integrates a satellite platform with a business platform to enable service offering in China.

With the partnership the Company gain regulatory support, approvals and licensing for the services as well as an ecosystem of industry players to join in and support the Company.

The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES

At the EGM, the Company will seek the grant of Specific Mandate from the Shareholders to allot and issue the Conversion Shares upon conversion of the Convertible Notes, which form part of the Consideration.

No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchanges. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon the conversion of the Convertible Notes.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE COMPLETION

The shareholding structures of the Company before and after the Completion and the conversion of the Convertible Notes in full (assuming no other issue or repurchase of Shares) are as follows:

	Before the Completion and conversion of the Existing Convertible Notes[(1)]		After the Completion and full conversion of the Convertible Notes but before conversion of the Existing Convertible Notes[(1)]		After the Completion and full conversion of the Convertible Notes and the Existing Convertible Notes[(1)]	
Shareholder	**Number of shares**	**%**	**Number of shares**	**%**	**Number of shares**	**%**
Chi Capital	552,882,000	29.47	2,415,282,000	64.61	2,644,083,475	66.65
Public	1,323,078,800	70.53	1,323,078,800	35.39	1,323,078,800	33.35
Total	1,875,960,800	100.0	3,738,360,800	100.0	3,967,162,275	100.0

Note:

1. "Existing Convertible Notes" refers to the United States dollar denominated convertible notes in the aggregate principal amount of US$33,635,052 issued by the Company to Chi Capital on 22 July 2015, convertible into 228,801,475 Shares upon conversion in full.

For illustration purpose only, in the event that the Convertible Notes were fully converted (before the conversion of the Existing Convertible Notes), the Conversion Shares will represent approximately 99.3% of the entire issued share capital of the Company as at the date of this circular, and approximately 49.8% of the entire issued share capital of the Company as enlarged by the issuance of the Conversion Shares on a fully diluted basis. Nevertheless, pursuant to the terms of the Sale and Purchase Agreement, Chi Capital will only be able to convert the Convertible Notes to the extent that (i) the public float of the Company would not fall below the Minimum Public Float and (ii) the Aggregate Beneficial Interest will not be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant Convertible Notes triggering the obligation on the part of the holder of the Convertible Notes to make a mandatory General Offer pursuant to the Takeovers Code.

BUSINESS MODEL OF THE COMPANY

Background of the Company's existing model

The Group is principally engaged in provision of digital media broadcasting business and printed circuit boards ("PCB") trading business:

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

   Through the Company's subsidiaries, CMMB Vision USA and Chi Vision USA, the Group owns a terrestrial 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 trading business - Legacy PCB component trading business:

The Group earns trading income through buying and selling PCB components tailored to the manufacturing of communication and media devices.

Intended business model of the satellite services and integration of Silkwave Holdings with the Group's existing business

Upon Completion, the Company will remain as an investment holding company in the mobile media and entertainment sector with horizontal business integration and provide management rights to operate the various businesses and consolidating the relevant dividend incomes or revenues.

Satellite-Mobile Multimedia Operator

Silkwave Holdings operates as a mobile multimedia and data service provider for vehicles and mobile users primarily in China. The 20% stake in Silkwave Holdings will entitle the Company to earn dividend income. The management rights will entitle the Company to continue to integrate its expertise and steer the development of Silkwave Holdings under its vision. The Call Option will entitle the Company to consolidate the operations of Silkwave Holdings and hence its revenues under its consolidated financial statements when it becomes profitable.

The new Silkwave platform is expected to commence operation in late 2018 in China and when combined with the Company's assets as well as new partnership under developments, is as follows:

- Strategic partnership with China's largest connected-car alliance, Telematics Industry Application Alliance ("**TIAA**"), which will allow Silkwave Holdings to jointly develop and promote applications that will use the AsiaStar L-band satellite platform as the multimedia delivery standard for all connected cars in China. TIAA covers five technical fields of manufacturing, automotive electronics, automotive software, communication operation and service integration. It has a complete industrial cooperative chain and market service system. There are more than 200 members in TIAA including more than 50 core members in the world.

With such combinations, Silkwave Holdings is expected to quickly start trial services in China, testing different technologies and business models and exploring different operating partnership arrangement using the current AsiaStar satellite, and prepare for the eventual full commercial service launch in 2019.

Services expected to be offered through Silkwave Holdings include in-car multimedia entertainment and telematics and mobile entertainment to consumers (mobile TV, mobile theaters, popular Internet content downloads) etc. Revenue models include upfront service activation fee, premium subscription fee, advertising, and capacity leasing as follows:

Service commencement fee: Each user accessing the services will need to be registered online and pay a service commencement fee, and a digital key will be sent to the user to decrypt the signal to start enjoying services. This is an augmentation to the free-to-air service model.

Advertising fee: This would be the same as free-to-air broadcasting, as the Group will have advertisers to pay advertising airtime on its mobile TV programming.

Premium subscription: As viewership increases, the Group will offer premium contents with subscription. Viewers who want to watch programs such as specialty sports, music, talk show, TV dramas and movie channels would pay additional fees on a monthly basis. This is an augmentation to the current free-to-air model, i.e. mobile cable TV service.

Channel time sharing: The Group will lease mobile channels to content providers to broadcast their own programs. This is similar to the current terrestrial broadcasting channel leasing model, like Television Broadcasts Limited selling some timeslot to Radio Television Hong Kong to broadcast its programs such as Hong Kong Connection (鏗鏘集) and Headline Daily (頭條新聞). However, the Company expects that the provision of such services, if any, would be minimal.

Terrestrial Digital Media Broadcaster

The Company, through its US TV operating assets, namely CMMB Vision USA and Chi Vision USA, maintains exiting spectrum leasing and advertising services over free-to-air UHF TV broadcasting in the US. The satellite platform leverages the same technology originally developed for CMMB for greater economies of scale to enable the Company to capture mobile multimedia business with much greater scale and scope in terms of diversity of services, customer population, and geographical coverage. With its spectrum and business platform, the US TV will also serve as the platform to support Silkwave Holdings' global expansion into the US with the satellite-terrestrial convergence model.

PCB Trading Business

The Company has been maintaining its PCB components trading business. It will continue so and expects to increase its presence with the up-and-coming satellite mobile multimedia ecosystem which the Company and Silkwave Holdings are steering in China. The ecosystem is expected to develop plentiful device applications based on the technology standard prescribed by the Company and hence create abundant PCB component demands for manufacturing mobile electronics, applications, software, logistics, and in-car entertainment systems. The Company's PCB trading business, being part of the mobile multimedia pioneering platform and on top of the value-chain, is expected to benefit from the flourishing of PCB components and with first-mover advantage.

INFORMATION ON SILKWAVE HOLDINGS

Silkwave Holdings was established in the Cayman Islands with limited liability on 19 April 2016. It was created by Chi Capital with the intent of consolidating the various satellite assets necessary to become a wholesome and independent operating company delivering next-generation mobile multimedia and data services to mobile users and vehicles. NYBB contributed its entire interest in NYBB II, which holds 80% equity interest in NYSH which ultimately owns the AsiaStar platform and related assets, for a 45% equity interest in Silkwave Holdings. Chi Capital contributed its remaining 20% equity interest in NYSH plus total cost and a consideration of US$290 million, for 55% equity interest in Silkwave Holdings. Pursuant to the agreement entered into between NYBB and Chi Capital in forming Silkwave Holdings, any party who wishes to dispose of any of its interest in Silkwave Holdings has to obtain prior written consent from the other party and shall share the profit arising from such disposal with the remaining party. It is beneficially held as to 55% by Chi Capital and 45% by NYBB (Cayman), a company designated by NYBB. As at the date of the Sale and Purchase Agreement, Chi Capital was a 20% shareholder of NYBB.

For the purpose of determining the Consideration, the Company valued Silkwave Holdings based on the acquisition of the 55% equity interest in Silkwave Holdings by Chi Capital by contributing 20% equity interest in NYSH plus total cost and a consideration of US$290 million. As NYSH is wholly-owned by Silkwave Holdings after such acquisition and Silkwave Holdings has no material assets other than those owned by NYSH, the Company considers that the value of 20% equity interest in NYSH should be equivalent to the value of 20% equity interest in Silkwave Holdings. Therefore, the US$290 million portion of the consideration contributed by Chi Capital represents the value of 35% equity interest in Silkwave Holdings. Accordingly, the Company valued 100% of the equity interest in Silkwave Holdings at US$828.6 million for the purpose of determining the Consideration.

In addition, the Company will transfer its entire 49% equity interest in Global Vision to Silkwave Holdings upon the Completion. After the Completion, the Company will indirectly hold 9.8 % equity interest in Global Vision through its 20% equity interest in Silkwave Holdings. The Company valued the 9.8% equity interest in Global Vision based on the proportion of the Disposal Consideration of US$50 million, which is US$10 million.

With reference to the abovementioned value of the equity interest in Silkwave Holdings, US$175.7 million represents the aggregate of US$165.7 million for the value of 20% equity interest in Silkwave Holdings (without any interest in Global Vision) and US$10 million for the 9.8% equity interest in Global Vision to be transferred to Silkware Holdings upon the Completion. The difference between the Consideration payable by the Group of US$240 million and US$175.7 million represents (i) the premium for the Call Option; (ii) the management rights to be granted to the Group.

Having taken into account the above as well as the strategic implications of the Acquisition to the Group, the Directors consider that the Acquisition and the Consideration are fair and reasonable and in the interests of the Company and shareholders as a whole.

Silkwave Holdings owns two major asset groups, the AsiaStar satellite platform and the Silkwave-1 satellites platform. Please refer to the section headed "Shareholding structure of Silkwave Holdings" below for further details.

The power and governing authority of Silkwave Holdings is its board of directors, which currently has 2 board seats, with each of Chi Capital and NYBB appointing one director. Upon the completion of the Sale and Purchase Agreement, the Company has a right to appoint one director and making the board of 3 directors. Resolutions of the board of directors of Silkwave Holdings require simple majority to pass.

In view that the Company has significant influence over Silkwave Holdings, Silkwave Holdings will be treated as an associate of the Company upon the completion of the Sale and Purchase Agreement. When the Call Option becomes exercisable and exercised, the Company will consolidate its equity interest in Silkwave Holdings thereafter.

The investment in an associate will be accounted for using the equity method. It is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise its share of the profit or loss and other comprehensive income of the associate.

Please also refer to the section headed "Financial information of Silkwave Holdings" below for certain financial information of Silkwave Holdings.

AsiaStar Platform

As at the date of this Circular, Silkwave Holdings owns 100% of NYBB II, which in turn owns 100% of NYSH, a Delaware registered company in the US, which in turn owns 100% of ASIASPACE Pty Limited ("ASIASPACE"), which holds the satellite service communication licence from Australia Communications and Media Authority to use 105°EL orbit slot and L-band frequency, with further details as follows:

1) Capacity of ASIABSS(105E) BSS Satellite (named AsiaStar), the spacecraft serves as a giant transmitter in the space that can send signals all the way to all devices on the ground under its footprint coverage. ASIABSS(105E) BSS Satellite still has an operating life until 2025 and will retire according to its latest health report from Intelsat, satellite operator.

Once the satellite spacecraft depleted of its fuel it will come to the end of life and before that happens it will automatically decend to a graveyard orbit where other retiring satellites in the space will also congregate and a new satellite will need to be launched to replace the satellite.

2) 40 MHz of L-band spectrum from 1452-1492 MHz authorized for exclusive and priority use by ITU, an agency under United Nations; the spectrum covers China and the rest of Asia and their estimated 4.4 billon population. Such spectrum among all spectrum (i.e., L, S, Ku, Ka, C) is most appropriate for satellite-based mobile services because of its high penetration capability and long distant travel capability, hence a very small antenna on earth (one attached or embedded in a consumer mobile device) can readily receive the signal it carries, as opposed to have a big satellite dish for reception, which defeats the mobile purpose.

3) A geostationary orbital slot situated at 105 Degree East, which is approximately 35,000 km above the earth's equator which is currently occupied by AsiaStar which ASIASPACE has exclusivity and priority use as authorized by the ITU. The geostationary orbit slot means satellite placed in it will have the right gravity pull from the earth to always move along with the earth own spinning in synchrony and never gets out of sight to the geographical footprint it is covering, hence enabling stable signal transmission at all time and optimal for satellite communication and broadcasting services. Other types of orbital slots are Low-Earth-Orbit (LEO), Medium-Earth-Orbit (MEO). Satellites placed in such orbits will spin around many times around and hence many satellites will be needed to orbit around following one another in order to relay the same signal transmission to earth.

4) Earth station for uplink originally built in Beijing, China, as well as Brisbane, Australia, which are composed or a physical premise with multiple satellite dish serving as antenna to transmit data content from data center connected to the premise directly to the receiver on our satellite in the orbit, which upon reception will downlink or broadcast the contents in the form of radio signals via L-band frequency propelled by the powerful transmitter built in the satellite to reach numerous users on the ground with ubiquity.

5) Satellite frequency signal landing in all Asian countries, which have been coordinated prior to the AsiaStar launch as coordinated by the ITU (International Telecom Union), the ultimate global regulatory body for global spectrum frequencies allocation for satellite and telecommunication under the United Nation.

ASIASPACE Pty Limited is a proprietary company and was incorporated in Victoria, Australia on 15 February 1995 under the Corporations Law. The principal activities of ASIASPACE are the provision of digital broadcasting of audio and multimedia programs directly from satellite to portable receivers. The locations of business operation are in Australia.

ASIASPACE holds the satellite service communication licence to use 105^{o}EL orbit slot and L-band spectrum from 1452 to 1492 MHz; broadcast licence for uplink permit in Australia; and satellite frequency signal landing in Asia countries; which are the most important identifiable intangible assets of which the value is not reflected in the financial statements of ASIASPACE in

Appendix III of this Circular. The carrying cost of satellite spacecraft is not recognized in the books of ASIASPACE; however, it owns the exclusive rights to use the satellite capacity, ground uplink system, relevant technologies and management team that are heritage from the precedent. The carrying amount of the property, plant and equipment of ASIASPACE as stated in Appendix III of this Circular represents the furniture, fixture and equipment of the office use and broadcast machine and computer equipment for the uplink services.

ASIASPACE has obtained the satellite service communication licence, broadcast licence and the exclusive right to use the satellite capacity and group uplink system which enable ASIASPACE to provide mobile communication services in Asia. ASIASPACE has utilized these assets as it currently does to maintain the broadcast operations and provide digital broadcasting services.

The revenue of ASIASPACE are mainly management fee income from shareholder and internet connection income and consulting services income from customers. The management fee income from shareholder is recognized based on the operating costs of ASIASPACE plus 10% margin. Such management fee income is a kind of reimbursement of the operating costs incurred by ASIASPACE which provide broadcast services to the group. ASIASPACE also provides internet connection and consulting services external to customers over the years.

Other than the exchange difference on translation of foreign currency payable, ASIASPACE's major operating costs are staff costs, operating lease payments and general office expenses.

Pre-acquisition Restructuring

In order to streamline the ownership and management of the AsiaStar platform, the parties agreed that as a condition to the Completion, (i) NYSH shall transfer 100% of the shares in ASIASPACE to Silkwave Holdings for nil or nominal consideration; and (ii) Silkwave Holdings shall dispose of NYBB II to an independent third party purchaser for nil or nominal consideration (the "**Pre-acquisition Restructuring**").

Silkwave-1 Platform

Silkwave Holdings also owns 100% of Silkwave-1 LLC, which is a limited liability company registered under the laws of Delaware on 25 January 2016 and its location of business operation is in US. The principal activity of Silkwave-1 LLC is to own the future capacity of Silkwave-1 satellite under contract for construction by Boeing and which is expected to launch in 2019 to replace the ASIABSS(105E) BSS satellite to continue service. It is designed with 100 times greater transmission power and plenty of state-of-the-art capabilities such as multiple spot beam and frequency re-use capabilities.

Higher power satellite has greater penetration than lower power one, which means signals can directly reach consumer mobile devices just like 3G/LTE services, but with far greater content capacity over larger geographical area. This also means higher service quality and better user experience can be offered to more consumers at the same time and hence its proliferation to the mass market. This is the reason why the Company plans to launch full commercial services with Silkwave-1 while using AsiaStar to conduct trial services for the time being.

The key feature for Silkwave-1 stems from its beam forming and frequency re-use functions, which allow the same frequencies (i.e., beams) to be re-used over different regions, so that each region can carry its own sets of programming and collective a lot more program services can be offered to all the regions as if the spectrum capacity has been multiplied.

The Silkwave-1 satellite is capable of forming 100 different beams for 100 different regions, which means 100 different sets of programming can be delivered to 100 regions, hence vastly expanding the commercial opportunities.

Silkwave-1 was originally contracted by NYBB with Boeing, with the ownership of the satellite when constructed and launched to be held in Silkwave-1 LLC. Once Silkwave-1 is launched and brought-in-use in the same orbital as AsiaStar, it will replace AsiaStar to provide services with a lot more capacities.

Silkwave Holdings is yet to raise money to pay for the Silkwave-1 construction and launch. It is embarking on fund-raising exercises for a total amount of approximately US$350 million payable over the next three years.

Upon the successful launch of Silkwave-1 satellite, it is expected to run the satellite broadcasting platform using both AsiaStar satellite and Silkwave-1 satellite simultaneously for a period until the power of AsiaStar satellite is completely consumed and its economically life is end.

Media Assets

Silkwave Holdings has a media service platform that is operating direct-to-home satellite TV with content aggregation and customer service capabilities that can be scaled to service Asian customers out of Taiwan, Hong Kong, and the Philippines.

There are over 50 channels of licensed international and Chinese programming in operation over Asia currently providing Direct-to-Home (non-mobile) satellite TV services using third-party KU-band satellite.

BUSINESS PLAN OF SILKWAVE HOLDINGS AFTER THE COMPLETION

1. **Business Nature**

The Company aims to provide a dedicated next-generation mobile multimedia services to vehicles and mobile users in China using its CMMB platform offering services such as live mobile TV, video, audio channels, popular web-content downloads, and real-time telematics media services. It will target the China vehicle market as its core market and then extend to its mobile consumers and the One-Belt-One-Road Asian markets.

2. **Market Demand and Mobile Bottleneck**

   a. Digital revolution and proliferation of mobile devices have transformed Internet and media consumption from desk top and home TV to mobile screen, whether in car or on the move. As a result, mobile delivery consumption, especially video and multimedia, is creating crippling bandwidth shortages mobile bottleneck for our unicast-based one-to-one conventional mobile delivery networks 3G/4G/LTE, which are far from sufficient in accommodating such demand from a cost, capacity, and coverage, standard point.

   b. The one-to-one unicast architecture of mobile networks is not designed for the highly asymmetric nature of consumer demand for video today where 5% of Internet content typically accounts for 80% of all downloads. Exacerbating the congestion is the linear-limited growth of cellular network, which can only expand by getting more spectrum, building more cell sits, and waiting for more technological breakthroughs. When faced with 1000 times increase in data traffic in the next 10 years, and that billions of people in remote regions remained unconnected, Silkwave Holdings will need a new structural delivery solution.

3. **Technology Solution**

   Together, Silkwave Holdings and the Company, offer a new structural platform:

   a. to complement the existing mobile network and solve the critical media delivery problem; and

   b. to develop a solution that utilizes the capability of one-to-infinite mobile digital broadcasting technology coupled with coverage of a high-power geostationary satellite transmitting in L-band (most desirable mobile spectrum) to do the heavy-lifting of delivering popular media, which bypasses and complements with the conventional mobile network to form a seamless broadcast-unicast convergent platform mobile multimedia and data services to be readily receivable by mobile users anytime anywhere. Its distinct advantage is without data limit, data charges, and traffic congestion, while the coverage is geographically vast and ubiquitous.

4. **Target Market**

   a. Vehicles:

      i. Silkwave Holdings' core target market is the vehicles market, including passenger cars, trucks, commercial vehicles, trains and ships in China. By 2018, China is estimated to have 192 million cars on the road, which is expected to increase to 232 million by 2022, representing a compound annual growth rate of 5%[1]; and yet there has been no dedicated or effective in-car media services.

[1] Source: McKinsey, China Association of Automobile Manufacturers, Delta Partners analysis

b. Other reasons for targeting the vehicles market are:

   i. It is the era of electric cars and self-driving cars where consumers are increasingly looking in-car entertainment, information, and e-Commerce, as center of consumption.

   ii. China has the number of cars in the world and yet very little in-car entertainment services due to prior technology and regulatory constraints.

   iii. Less than 25% of China is covered with 4G, which is far from sufficient to provide nationwide car services.

Prior technology includes: mobile digital broadcasting technology CMMB, later we upgraded to CMMB - LTE convergence, then now upgraded to NGB-W/S, Next Generation Broadcasting - Wireless / Satellite, which is also being made as the national standard for China's satellite multimedia protocol.

Prior regulatory constraints are broadcasting rights, content approval rights, Internet service delivery rights, satellite service uplinking rights. Such regulatory approvals are no longer our constraint as we have partnered with the government entities to access such rights. For example, through the JV of Global Vision, we have access to media broadcasting and content approval capability of China Radio Intl, a state-level media conglomerate. With partnership with China Telecom, we have access to satellite uplink facilities and Internet service delivery qualifications. With partnership with China Internet News Information Center, another State-level media, we have access to Internet multimedia content production and aggregation capability.

5. **Service Offering**

a. With the CMMB platform capabilities, the Company will be able to provide unlimited live TV, video, audio channels, popular web-content downloads, and real-time telematics media services, which are unprecedented.

b. Our sales effort is done by working with car-makers and connected-car equipment suppliers for them to embed our technology in the form of a chipset as part of the overall connected-car device standard to be sold to car users as part of the overall car purchase.

c. The Company will extend service offering to mobile consumers via our embedded WiFi re-transmission function in the car, which will quickly hone new consumer habit for mobile services and induce ecosystem players and telecom players to embed functions in next-generation mobile devices for the Company to operate an independent but similar connected service dedicated for mobile consumers.

6. **Business Strategy**

a. Building Infrastructure

i. The first piece of building block for the Company to develop the business was to put in place a complete satellite delivery infrastructure capable of delivering mobile multimedia services to mobile devices.

ii. Through a series of development effort this is culminated on the formation of Silkwave Holdings, which owns the full satellite infrastructure including:

1. A geostationary L-band satellite "AsiaStar", 40 MHz L-band spectrum, 105E orbital slot that can cover and service 4.4 billion population in Asia including China;

2. New satellite "Silkwave-1" being constructed by Boeing bolstering 100x more power launching in 2019 to replace; and

3. A satellite media service operating platform with 50+ video channels merged from Dish-HD, a leading Direct-to-Home satellite service operator in Asia.

iii. Silkwave Holdings, combined with the Company's groundbreaking mobile convergence multimedia technologies, together they form the CMMB delivery platform, in which large amount of mobile contents can be delivered to billions of mobile devices and vehicles simultaneously over a vast geographical region and at very low-cost to users while they are still seamlessly interacting with cellular services.

b. Building Regulatory and Political Support

i. For the service to be operated in China, Chinese regulatory approval is paramount.

ii. The Company has consummated the Global Vision joint-venture with Global Broadcasting Media Group ("**GMG**") under China Radio International of SAPPRFT, the ultimate government media regulator and operator in China. Such a platform will allow services to be operated officially and legitimately throughout China. The platform is then merged into Silkwave Holdings to enable the satellite infrastructure to carry services in China.

iii. Silkwave Holdings is also participating in government's largest national development efforts such as becoming part of the space infrastructure for national information consumption, triple integration of broadcast-telecom-Internet, and One-Belt-One-Road service deployment in Asia. As a result, its multimedia development has been designated as a 10-year national key project, which is eligible for multiple levels of political and economic support.

c. Building Service Operating Platform

i. Global Vision platform with exclusive operating franchise

1. The Global Vision joint-venture will act as the exclusive operating platform with licensing and approval to carry out the essential and highly regulated business activities, such as content aggregation and supervision, uplink, downlink and broadcasting services, spectrum utilization.

2. It will leverage on the immense media capabilities of GMG for content access and operations, as GMG represents one of top three state-level media operator with complete content collection of video, radio, data multimedia as well as own production. It runs radio, TV, IPTV, and other media services with a national franchise.

3. With such a platform, the Company would be able to develop commercial services tailored for cars, mobile users, and enterprises.

d. Building Ecosystem Support

i. Technology Standard Development:

1. The services the Company is offering are unprecedented and would require a dedicated ecosystem for support.

2. At the top of the ecosystem is the technology standard protocol, that will drive various industry players such as application providers, device makers, equipment providers, system integrators, software providers, content providers, etc., to develop technologies and services based on the standard.

3. As the global leader in mobile technology standard development, including WiMax, CMMB, OFDMA/LTE and TD-SCDMA, the Company has been working with various Chinese ministries to develop the technology standard NGB-W/S that tailors to the Silkwave satellite platform which will evolve to be the technology standard that will command the support of the ecosystem.

ii. Ecosystem Development

1. TIAA

a. To gain and leverage ecosystem support to promote its services in scale and scope, the Company has consummated a strategic partnership with China's premier connected-car ecosystem alliance, TIAA, to develop and promote L-band satellite as a standard for connected car multimedia and telematics media services delivery.

b. TIAA is comprised of major car-makers, network operators, ecosystem providers and multiple government ministries, which gives a very effective B-to-B platform for Silkwave Holdings to market its services to China's car market. It presents numerous potential operating partners to the Company for applications, content, sales and marketing, and operation which will enable the Company to short-cut its development cycle to reach commercial scalability.

7. **Business Model for Vehicles**

a. Service Offering

i. Live Mobile media entertainment:

1. Services will be dedicated to high-definition entertainment programs such as 50+ life video channels and 100+ audio channels.

The Company has entered into a strategic partnership agreement with Global Broadcasting Media Group ("GMG") which has effectively formalized Global Vision as a joint venture company between the Company and GMG for operating satellite mobile multimedia services in China. GMG is established by China Radio International, the ultimate media regulator and operator in China under SAPPRFT.

China Radio International is one of the three state-owned central media companies (the others being China Central Television, and People's National Radio) with all credentials required for media operation. It is part of SAPPRFT, which falls under the direct supervision of the Propaganda Bureau of the Communist Party which is above the State Council and hence other Ministries. It is in charge of the country's radio, television and film industry as a regulator, operator, and producer. China Radio International is primarily responsible for the international radio broadcast of Chinese content and the management of international news channels and was founded in 1941. It has evolved into an all-media operator for China and overseas markets.

The partnership is critical to the Company as it allows the Company to effectively:

- Source content for broadcast distribution
- Obtain Government approvals for live broadcast content via SAPPRFT
- Broadcast nationwide in China under China Radio International's broadcasting license
- Obtain landing rights for the company's L-band spectrum to provide broadcasting services in China

With the above partnership, it is expected to a full utilisation rate of the total spectrum capacity of the AsiaStar satellite in China region.

ii. Real-time webpage and web content downloads:

1. It will also offer dedicated popular Internet webpage downloads by partners with Internet, OTT, or e-Commerce providers which provide real-time update and downloads, so that users can always access the top websites without relying on the cellular networks.

iii. Real-time value-added data services:

- Car telematics (GPS, precision-position and location-based services)
- Location and target-based advertising
- Government essential information broadcasting services (public information, health, safety and national emergence)

b. Revenue Models

i. Activation Fee:

1. For vehicles, we will charge an upfront activation fee to be embedded with the purchase price of the car payable by customers while offering three years of free services. Afterward we will charge equivalent upfront monthly subscription payable every three years.

ii. Premium Content:

2. We will charge premium to on-demand channels and content.

iii. Advertising:

3. Our ultimate goal is to be able to generate most revenue form advertising, as our service represents a closed mobile TV or theater in the car with numerous captive eyeballs. In addition, we have user behavior feedback capability built-in in our in-car system with big-data analysis support, which will enable us to offer programming to what specific users want and hence their commercial value. As such, we expect to become the largest in-car mobile and targeted advertiser overtime.

Advertising will include traditional media advertising, which is time slot based just like free-to-air TV. Target advertising will be based on data collected from device will enable advertisers to provider specific advertising targeting the user during the viewing. Such advertising is much like Internet advertising. When one browse and type in a search, a bunch of related advertising will appear on the screen along with search result. View can also participate in e-Commerce during view, i.e., hit a button at the bottom of the screen to display Sandra Bullock's clothing worn in the show along with merchandising catalog from vendor. Advertising of such is rendered possible due to the Company's convergent technology, which converges broadcast media with interactive Internet services, and needless to say 4G network.

8. **Service Operating Example**

a. Sale of Mobile Multimedia Enabled Device:

i. Multimedia device module will be embedded in OEM cars or sold as after-market portable devices to customers for prices that will include Company's activation fee, which will be set in very modest term to encourage maximum market adoption.

b. Service Activation and Operation:

i. The Company will provide services by uplinking programs via its Global Vision joint venture platform to its satellite, which in turn will broadcast the programs nationwide.

c. Content and Service:

i. The Company expects to work with multiple content and service providers on a revenue — sharing basis, so that the Company does not have to bear content purchase, maintenance and production cost during the early years of business development, hence allowing stable and manageable operating costs.

d. Service Consumption:

i. Vehicles with enabled devices whether built-in as part of the connected car system or standard alone system can readily receive the service, for free.

e. Revenue Generation:

i. *Activation Fee:* Upon sale of device, the Company will receive activation fee upfront and will provide service for free for three years. Thereafter, customers need to renew service via upfront monthly subscription.

ii. *Premium Subscription:* Customers can ask for on-demand services via Internet by paying additional fee on-line. An encryption key will be automatically sent to the designated vehicle devices to allow for additional reception of services purchased.

iii. *Advertising:* The Company will work with advertisers to embed advertisement in programs for an advertising fee. Customers can request advertising to be turned off by paying an additional fee.

f. Revenue-sharing:

i. With revenues generated by the operation, certain percentage will first go to Global Vision joint venture for providing managed consumed services, then our content and service partners.

ii. The Company anticipates to operate an open (and exclusive) platform to encourage a broad base of service providers to join the partnership and help proliferate company's services to the mass-market.

iii. The Company expects to keep an operating margin around 20% over time.

The Company assumes the following:

For each US$100 revenue the Company generates from marketing its product and service, it will pay about US$20 to the Global Vision joint-venture for using the licensed platform and broadcasting facilities, which will be the only satellite broadcasting platform for AsiaStar in China with regulatory approval. With remaining US$80, we expect to share half with content providers, as the Company is not planning to produce content. This gives the Company about US$50 or 50% as net revenue. Of the US$50, company needs to pay its operating expenses, marketing, administration. Taken together it is about another US$30, hence retaining US$20 as operating margin. This is in line with Sirius XM, the only satellite radio provider operating in the US.

9. **Business Model for Mobile device**

a. Services will be extended to mobile devices such as smartphone and iPad or mobile dongles as a separate but similar service package after vehicle launch, so that mobile users can enjoy the services anywhere independently.

b. Successful vehicle launch will speed up mobile consumer offering as device ecosystem suppliers and telecom providers will take the lead to embed satellite function into consumer mobile handsets and smartphones.

c. Revenue model will be mostly based on free services with advertising, without upfront activation fee.

d. Premium subscription for on-demand content will remain.

e. It is expected free service model will quickly proliferate services to mobile users to build up eyeballs for advertising.

10. **Business Execution Plan**

a. Phase 1 (Now to 2018) - Trial services under AsiaStar platform

i. With the integrated Silkwave platform in place upon completion of the Acquistion, the Company will officially commence trial services upon the approval from SAPPRFT, which is expected to be obtained in 2018 or 2019. The trial services will be participated by strategic partners and those from the TIAA and AsiaStar will provide the necessary spectrum for support.

ii. The business objective of this phase is to validate technology and business model and develop operating partnership to prepare for the full commercial service launch planned for 2019 when the Silkwave-1 satellite is launched. Potential strategic partners from neighboring countries in Asia will also be invited to participate in the trial.

iii. Selected regions such as Chongqing and other major cities with significant auto population will be used to set up trial network initial, which will be gradually extended to include other cities.

iv. The trial will start with technology testing and services validation while allowing the Company to explore and form more permanent operating partnership, and it will evolve to a beta trial where actual commercial services in limited quantity will be provided.

v. AsiaStar will provide the necessary spectrum capacity to support the trial, which is expected to have operating life until 2025.

vi. There is no significant revenue to be generated during the trail phase.

b. Phase 2 (2019 and afterwards) - Full Commercial Launch under Silkwave-1:

i. Launch full-scale commercial services in 2019 once Silkwave-1, which will replace AsiaStar with its 100 times strong transmission and many new capabilities to massively scale up the beta services and start to generate significant and sustainable revenues for the years to come. Silkwave-1 is expected to have 15 years of life.

ii. Services as a result of the new capabilities and power level will be more comprehensive and population coverage will drastically increase and various revenue models will kick-in.

iii. Services are also to be gradually extended to smartphone consumers after 2019.

c. Phase 3 — One-Belt-One-Road Expansion

i. Parallel service launch in other Asian countries with our strategic partners will be expected. Silkwave-1 has dedicated beam to cover China, India, and Southeast Asia to offer independent services.

ii. Significant revenue is expected to add to the Company with the new markets.

11. **Financial Projection**

a. Based on the company business plan, it expects to reach 8.4% market penetration or 19.3 million cars by 2022, and 64.2 million mobile users.

12. **Capital Market Fund-raising**

a. Raising US$ 350 million to finance the "Silkwave-1" Boeing satellite procurement by Silkwave Holdings.

13. **One-Belt-One-Road Expansion**

a. Following successful launch of services in China, Silkwave Holdings will extend its services to other Asian markets by leveraging existing satellite infrastructure and low-cost ecosystem support as well as China's "Silk Road Initiatives".

b. Under One-Belt-One-Road, China will provide significant financial and economic resources to neighboring countries for development along the ancient "Silk Road" trade route that stretches from Asia to Africa and Europe.

c. With Silkwave Holdings' airwaves already operating over most of the region, it is well poised to benefit from the initiatives to bring modern media and Internet service to Silk Road countries and hone a global franchise.

d. Letters of intent have been signed with regional partners for Silkwave Holdings to provide its services.

Financial information of Silkwave Holdings

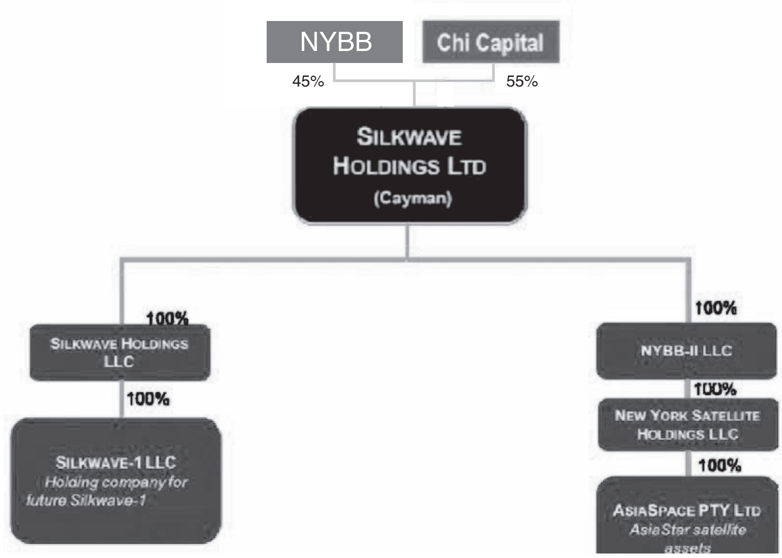
Silkwave Holdings was incorporated on 19 April 2016. The following financial information is extracted from the accountant report of Silkwave Holdings which owns 100% of NYBB II and Silkwave Holdings LLC.

	Date of incorporation to 30 September 2016
	US$ (audited)
Loss before tax	—
Income tax expense	—
Net loss for the period	—
Net assets value	1,000

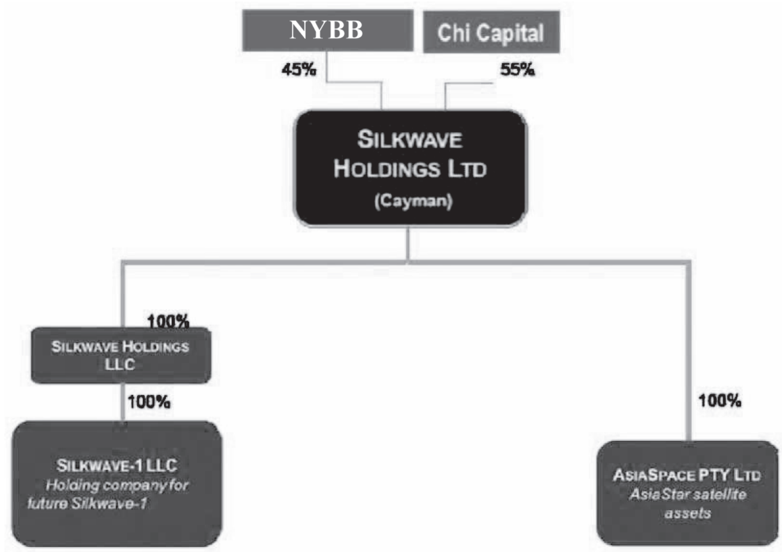
Shareholding structure of Silkwave Holdings

The shareholding structures of Silkwave Holdings before and after the Completion are as follows:

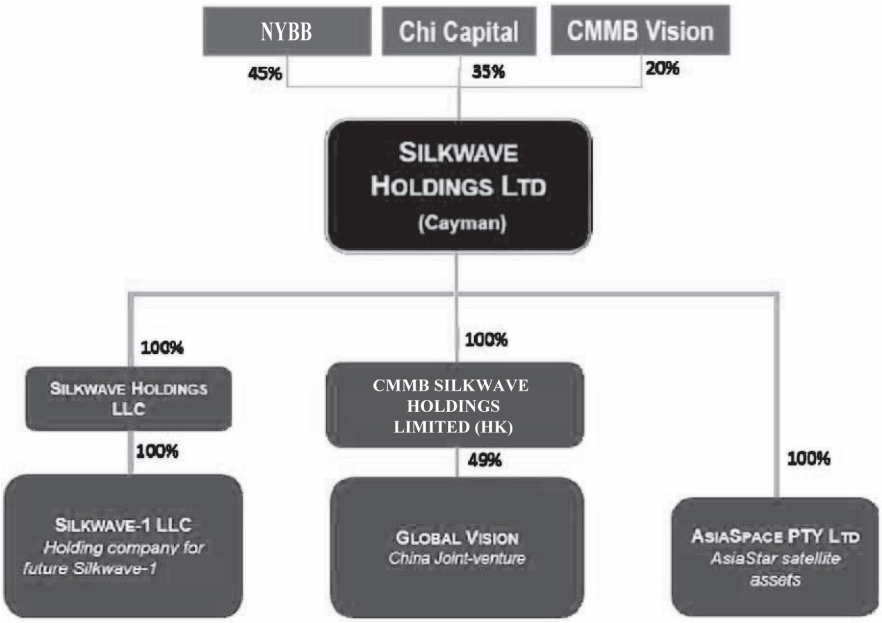
Before the Pre-acquisition Restructuring and the Completion:



After Pre-acquisition Restructuring but before Completion



After the Completion:



INFORMATION ON GLOBAL VISION

Global Vision is a joint venture set up between the Company and Global Broadcasting Media Group and is owned as to 49% by the Company and 51% by GMG. Based on satellite transmission services technology platform, Global Vision carries multimedia services satellite technology development and promotion and provides satellite multimedia content delivery of technical support services. It is engaged in research and development, design of mobile multimedia services, technology and products and provision of technical advice, technical services, technology transfer.

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 Group, an executive Director and the chairman of the Board. The principal business of Chi Capital is investment holdings.

As at the date of this circular, Chi Capital beneficially owned 552,882,000 Shares, representing approximately 29.47% of the issued share capital of the Company. Chi Capital also beneficially owns convertible notes issued by the Company in the principal amount of US$28,335,052, convertible into a total 219,880,000 Shares (subject to adjustment) upon conversion in full and LA convertible notes in the principal amount of US$5,300,000, convertible into a total 8,921,475 Shares (subject to adjustment) (collectively the "**Existing Convertible Notes**"). Mr. Wong Chau Chi, as the sole shareholder of Chi Capital, is deemed to be interested in the 552,882,000 Shares and the Existing Convertible Notes beneficially owned by Chi Capital under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance.

INFORMATION ON THE GROUP

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

FINANCIAL EFFECTS OF THE ACQUISITION

Upon the Completion, the Company will directly hold 20% of the equity interest of Silkwave Holdings, and in view that the Company has significant influence over Silkwave Holdings, Silkwave Holdings will be treated as an associate of the Company and the results, assets and liabilities of Silkwave Holdings will be accounted for using equity method into the accounts of the Group.

Set out in Appendix IV to this circular is the unaudited pro forma financial information of the Group which illustrates the financial effects of the Acquisition on the earnings and assets and liabilities of the Group assuming the Completion had taken place on 30 June 2016.

Based on the unaudited pro forma financial information of the Group in Appendix IV to this circular, the total assets of the Group would increase by approximately 69.2% from approximately US$225.3 million to approximately US$381.3 million and its total liabilities would increase by approximately 3.5 times from approximately US$21.5 million to approximately US$95.7 million. Even though for the period ended 30 June 2016, Silkwave Holdings has not yet generated any revenue and profit, the Directors consider that, in view of the synergies with the Group, after the Completion, Silkwave Holdings will contribute to the revenue, earnings base and working capital of the Group for reasons set out in pages 22 to 24 of this section above. Initially, Silkwave Holdings is expected to generate revenue from its satellite-to-mobile broadcasting operations (activation fee income, premium contents and advertising income) in China and One-Belt-One-Road Asia countries.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios in respect of the Acquisition as calculated under Chapter 14 of the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. As certain applicable percentage ratios in respect of the Disposal exceed 25% but are less than 75%, the Disposal would constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.24 of the Listing Rules, the Acquisition and the Disposal as a whole are subject to the reporting, disclosure and shareholder approval requirements applicable to very substantial acquisitions.

In addition, Mr. Wong Chau Chi, being an executive 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. Accordingly, the Sale and Purchase Agreement and the Acquisition and the Disposal thereunder constitute connected transactions for the Company under

Chapter 14A of the Listing Rules. Therefore, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules and the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The part of the Consideration to be paid by the Company in cash, to the extent that it is outstanding, constitutes a financial assistance received by the Group from a connected person, namely Chi Capital, which is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules as such financial assistance is conducted on normal commercial terms or better, and it is not secured by the assets of the Group.

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

DIRECTOR AND SENIOR MANAGEMENT

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

EGM

Set out in pages EGM-1 to EGM-3 of this circular is the notice to convene and hold the EGM at 10:00 a.m. on Friday, 21 April 2017 at Board Room, Level 3, Core C, Cyberport 3, 100 Cyberport Road, Hong Kong. It is proposed that at the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve the Sale and Purchase Agreement, the Acquisition and the grant of the Specific Mandate.

To the knowledge of the Directors having made all reasonable enquiries, (i) Mr. Wong Chau Chi and his associates control or are entitled to exercise control over 552,882,000 Shares, representing approximately 29.47% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) no other Shareholders and Directors have any material interest in the Acquisition and are required to abstain from voting at the EGM under the Listing Rules.

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

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

INDEPENDENT BOARD COMMITTEE

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

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 48 to 49 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Sale and Purchase Agreement Agreement, the Acquisition and the Disposal, and the grant of the Specific Mandate.

Your attention is also drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to (i) the Sale and Purchase Agreement and the transactions thereunder; (ii) the grant of the Specific Mandate; and (iii) 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 50 to 72 of this circular

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

ADDITIONAL INFORMATION

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

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

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

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

31 March 2017

To the Independent Shareholders,

Dear Sir or Madam,

ACQUIRING MOBILE SATELLITE INFRASTRUCTURE TO COMPLETE PLATFORM AND COMMENCE SERVICE IN CHINA (1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION; (2) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERSION SHARES; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the letter from the Board set out in the circular dated 31 March 2017 of the Company (the "**Circular**") of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider (i) the Sale and Purchase Agreement and the transactions thereunder; and (ii) the grant of the Specific Mandate and to advise the Independent Shareholders as to the fairness and reasonableness of (i) the Sale and Purchase Agreement and the transactions thereunder; and (ii) the grant of the Specific Mandate and to recommend whether or not the Independent Shareholders should vote for the resolutions to be proposed at the EGM to approve (i) the Sale and Purchase Agreement and the transactions thereunder; and (ii) the grant of the Specific Mandate. Veda Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Sale and Purchase Agreement and the transactions thereunder; and (ii) the grant of the Specific Mandate.

We wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to (i) the Sale and Purchase Agreement and the transactions thereunder; (ii) the grant of the Specific Mandate; and (iii) the principal factors and reasons considered by it in arriving thereat. We also draw your attention to the letter from the Board set out in the Circular.

Having taken into account principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we are of the view that (i) the terms of the Sale and Purchase Agreement and the transactions thereunder have been entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the grant of the Specific Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolutions to be proposed at the EGM to approve (i) the Sale and Purchase Agreement and the transactions thereunder; (including the procurement of the Company to issue the Convertible Notes); (ii) the grant of the Specific Mandate.

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

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Room 1106, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

31 March 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sir/Madams,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERSION SHARES ACQUIRING ONE-BELT-ONE-ROAD MOBILE SATELLITE INFRASTRUCTURE TO COMPLETE PLATFORM AND COMMENCE SERVICE IN CHINA

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the Acquisition, details of which are set out in the circular to the Shareholders dated 31 March 2017 (the "**Circular**"), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 31 October 2016, the Company has entered into the Sale and Purchase Agreement with Chi Capital, pursuant to which the Company, as the purchaser, has conditionally agreed to purchase, and Chi Capital, as the seller, has conditionally agreed to sell, 2,000 ordinary shares in Silkwave Holdings, representing 20% of the entire issued share capital of Silkwave Holdings, which through its wholly-owned subsidiary, indirectly holds a geosynchronous L-band satellite operating platform, named "AsiaStar", including its 40 megahertz ("**MHz**") spectrum frequency use, orbital slots, capacity of AsiaStar satellite and the Silkwave-1 satellite under construction and a media service platform with ample international programming, in order to provide multimedia broadcasting and Internet-based content delivery services to vehicles and mobile devices in China and other Asian markets with unprecedented efficiency ubiquity and economies of scale.

As certain applicable percentage ratios in respect of the Acquisition as calculated under Chapter 14 of the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. As certain applicable percentage ratios in respect of the Disposal exceed 25% but are less than 75%, the Disposal would constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.24 of the Listing Rules, the Acquisition and the Disposal as a whole are subject to the reporting, disclosure and shareholder approval requirements applicable to very substantial acquisitions.

In addition, Mr. Wong Chau Chi, being an executive 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. Accordingly, the Sale and Purchase Agreement and the Acquisition and the Disposal thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Therefore, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules and the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The part of the Consideration to be paid by the Company in cash, to the extent that it is outstanding, constitutes a financial assistance received by the Group from a connected person, namely Chi Capital, which is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules as such financial assistance is conducted on normal commercial terms or better, and it is not secured by the assets of the Group.

The Independent Board Committee comprising Mr. Wang Wei-Lin, Mr. Li Shan and Dr. Li Jun, all being the independent non-executive Directors, which has been established by the Board to advise the Independent Shareholders as to whether (i) the terms and conditions of the Sale and Purchase Agreement and the transactions thereunder; and (ii) the grant of Specific Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company has appointed Veda Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

As at the Latest Practicable Date, we were not aware of any relationships or interest between Veda Capital Limited and the Company or any other parties that could be reasonably be regarded as hindrance to Veda Capital Limited's independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the undertaking and the transactions contemplated thereunder. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the undertaking and the transactions contemplated thereunder. In the last two years prior to the date of submission of the our declaration relating to independence to the Stock Exchange, we have acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to three occasions as detailed in (i) the circular of the Company dated 29 February 2016, which is the transactions relating to the proposed rights issue on the basis of one rights share for every one existing share and one bonus share for every one rights share taken up under the rights issue; (ii) the circular dated 2 December 2015, which is the transactions in relation to the refreshment of general mandate to issue shares and adoption of a share option scheme; and (iii) a circular dated 31 December 2014, which is the very substantial acquisition and connected transaction acquisition of 79% interest in Chi Vision, respectively. Given (i) our independent role in these three engagements; and (ii) our fees, which did not involve any contingent fee or conditional fee arrangement on the successful of the transactions, for these three engagements represented an insignificant percentage of our revenue, we consider these three engagements would not affectour independence to form our opinion in respect of the transactions contemplated under this Circular.

Veda Capital Limited, is a corporation licensed to conduct type 6 (advising on corporate finance) regulated activity under the SFO. Ms. Julisa Fong, the undersigned person of this letter, is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.

BASIS OF OUR OPINION

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background Information on Silkwave Holdings

Silkwave Holdings is a company incorporated in the Cayman Islands with limited liability on 19 April 2016. It was created by Chi Capital with the intent of consolidating the various satellite assets necessary to become a wholesome and independent operating company delivering next-generation mobile multimedia and data services to mobile users and vehicles.

Silkwave Holdings owns two major asset groups, the AsiaStar satellite platform and the follow-on new satellite, i.e. Silkwave-1 satellites platform. The AsiaStar assets were held under AsiaSpace Pty Limited as at 30 September 2016. Under the Pre-acquisition Restructuring mentioned in the Letter from the Board in the Circular (the "**Board Letter**"), as a condition precedent to the Completion, NYSH shall transfer 100% of the shares in AsiaSpace Pty Limited to Silkwave Holdings before Completion.

The financial information of Silkwave Holdings as extracted from Appendix II to the Circular is as follows:

	From 19 April 2016 (Date of incorporation) to 30 September 2016
	US$'000
	(audited)
Profit before tax	—
Income tax expense	—
Net profit for the period	—
Net assets value	1

The financial information of AsiaSpace Pty Limited as extracted from Appendix III to the Circular is as follows:

	Nine months ended 30 September 2016	**Year ended 31 December 2015**
	AUS$'000	*AUS$'000*
	(audited)	*(audited)*
Profit (loss) before tax	547	(1,069)
Income tax expense	—	—
Net profit (loss) for the period	547	(1,069)
Net liabilities value	(10,554)	(11,102)

The MOU

As disclosed in the announcement of the Company dated 10 September 2014, the Company has partnered with NYBB II, now owned by Silkwave Holdings, and entered into the MOU to acquire the capacity and certain assets of the current satellite AsiaStar and follow-on new satellites. The MOU gave the Company the ability to access the L-band spectrum to prepare for its satellite mobile multimedia services in Asia while it is in negotiation with related parties to acquire the whole satellite platform.

Both the Company and NYBB II have agreed to transfer the MOU obligations to Chi Capital as a result of the Sale and Purchase Agreement.

It is the consensus among the parties to the MOU that the transactions contemplated under the MOU will be implemented by way of the Sale and Purchase Agreement, including the acquisition of 20% equity interest in Silkwave Holdings by the Company and the grant of the Call Option to acquire an additional 31% equity interest in Silkwave Holdings to the Company. In particular, upon exercise of the Call Option, the Group will acquire a majority shareholding in Silkwave Holdings and thereby acquire control of the AsiaStar satellite and related assets. The Company confirms that other than the Sale and Purchase Agreement and the transactions contemplated under it, including the Call Option and any exercise of the Call Option, it is not required to enter into any other transactions for the implementation of the MOU.

The business objective of the MOU has been achieved through the Sale and Purchase Agreement. The Company does not expect there is any further obligations under the MOU and if any, both the Company and NYBB II agreed to transfer to Chi Capital.

As further disclosed in the announcement of the Company dated 27 October 2015, the Company has entered into an agreement with NYSH 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. No consideration is concluded for this acquisition as the Company is negotiating to acquire the AsiaStar satellite platform and related assets which the price will be considered together in the Sale and Purchase Agreement as a whole.

2. **Information on Global Vision**

Global Vision is a joint venture set up between the Company and Global Broadcasting Media Group and is owned as to 49% by the Company and 51% by GMG. Based on satellite transmission services technology platform, Global Vision carries multimedia services satellite technology development and promotion and provides satellite multimedia content delivery of technical support services. It is engaged in research and development, design of mobile multimedia services, technology and products and provision of technical advice, technical services, and technology transfer.

3. **Information on the 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 Group, an executive Director and the chairman of the Board. The principal business of Chi Capital is investment holdings.

As at the date of this Circular, Chi Capital beneficially owned 552,882,000 Shares, representing approximately 29.47% of the issued share capital of the Company. Chi Capital also beneficially owns convertible notes issued by the Company in the principal amount of US$28,335,052, convertible into a total 219,880,000 Shares (subject to adjustment) upon conversion in full and LA convertible notes in the principal amount of US$5,300,000, convertible into a total 8,921,475 Shares (subject to adjustment) (collectively the "**Existing Convertible Notes**"). Mr. Wong Chau Chi, as the sole shareholder of Chi Capital, is deemed to be interested in the 552,882,000 Shares and the Existing Convertible Notes beneficially owned by Chi Capital under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance.

4. **Information on the Group**

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

1. ***For the six months period ended 30 June 2016***

As set out in the interim report of the Company ("**IR 2016**") for the six months period ended 30 June 2016, the Group recorded an unaudited gross profit of approximately US$479,000, representing an increase of approximately 114% from that for the six months period ended 30 June 2015 of approximately US$224,000. The increase in the unaudited gross profit was due to the increase in TV rental income from the newly acquired company in July 2015. Pursuant to the IR 2016, the reduction of revenue was mainly due to the decrease in trading of printed circuit board materials by approximately US$2,960,000, which is offset by the increase in TV rental income of approximately US$656,000.

The Group recorded an unaudited loss of approximately US$5,736,000 for the six months period ended 30 June 2016, representing an increase in loss of approximately 49% from that for the six months period ended 30 June 2015 of approximately US$3,862,000. As advised by the Company, the increase in loss was mainly attributable to the increase in (i) administrative expenses incurred for the newly setup offices in Beijing; (ii) marketing development and promotion expenses incurred for business development; and (iii) finance costs incurred for effective interest expense on convertible notes.

As set out in the IR 2016, the Group has unaudited current assets of approximately US$46,862,000 as at 30 June 2016 in which bank balances and cash contributed approximately US$40,889,000 and the Group's current liabilities as at 30 June 2016 were approximately US$1,841,000.

2. ***For the year ended 31 December 2015***

As set out in the annual report of the Company ("**AR 2015**") for the financial year ended 31 December 2015, the Group recorded a gross profit of US$456,667, representing an increase of approximately 39% from that for the financial year ended 31 December 2014 of US$329,668. Pursuant to the AR 2015, the increase in revenue was solely contributed by the trading business of the Group.

The Group recorded a loss US$21,730,507 for the financial year ended 31 December 2015, representing a significant increase in loss of approximately 885% from that for the financial year ended 31 December 2014 of US$2,206,128. As advised by the Company, the increase in loss was mainly attributable to (i) the significant increase in market development and promotion expenses incurred for increase in consultancy services fees for business development and travelling expenses for attending business conferences and meetings; and (ii) the impairment losses recognized on goodwill and intangible assets.

As set out in the AR 2015, the Group has current assets of US$14,238,319 as at 31 December 2015 in which bank balances and cash contributed US$10,411,897 and the Group's current liabilities as at 31 December 2015 were US$1,601,118.

*3. **For the year ended 31 December 2014***

As set out in the annual report of the Company ("**AR 2014**") for the financial year ended 31 December 2014, the Group recorded a gross profit of US$329,668, representing a significant increase of approximately 440% from that for the financial year ended 31 December 2013 of US$61,079. Pursuant to the IR 2014, the increase in revenue was solely contributed by the trading business of the Group.

The Group recorded a loss US$2,206,128 for the financial year ended 31 December 2014, representing a significant increase in loss of approximately 653% from that for the financial year ended 31 December 2013 of US$293,151. As advised by the Company, the recorded loss included the loss for the year attributable to owners of the Company and non-controlling interests amounted to US$1,977,648 and US$228,480 respectively. Loss per share was approximately US0.09 cents (2013: earnings per share of US0.02 cents) and net assets per share of the Group was approximately US1.43 cents (2013: US1.95 cents).

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

5. **Reasons for and benefits for the Acquisition and the Disposal**

The proposed Acquisition, if completed and combined with the Company's resources, such as its CMMB multimedia technologies, Chinese satellite broadcasting service platform, as well as the recent milestone developments, will create a full-fledged Silkwave platform with end-to-end capabilities to deliver unprecedented mobile entertainment and data services universally to vehicles and mobile consumers over China, and later extending to One-Belt-One-Road Asia, while the Company is a strategic shareholder of Silkwave Holdings with management rights, business consolidation option, thereby enjoying the business upside with minimal risk.

As set out in Board Letter, the Board believes the Acquisition will offer the Group the benefits of (i) taking advantage from the full-fledged satellite-based multimedia service platform, (ii) monetise the Company's years of efforts in developing mobile multimedia service, (iii) reducing the future capital commitments; and (iv) flexibility to consolidate Silkwave Holdings into the Company.

The principal activity of the Company is investment holdings whilst its subsidiaries are mainly engaged in provision of CMMB services and trading of printed circuit board materials. For 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.

Instant Creation of a Full-fledged L-band Satellite Mobile Multimedia Business Platform for China and Regionally

The business plan of Silkwave Holdings after Completion is in line with one of the five major goals of the One-Belt-One-Road raised by the Chinese government. On 28 March 2015, the National Development and Reform Commission of China issued the "*Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road*" which outlined the framework, key areas of co-operation and co-operation mechanisms with regard to the One-Belt-One-Road. One of the five major goals of the One-Belt-One-Road is people-to-people bonds, it provides the public support for implementing the One-Belt-One-Road. In terms of people-to-people bonds, efforts will be made to promote exchanges and dialogues between different cultures, strengthen friendly interactions between the people of various countries, and heighten mutual understanding and traditional friendships. This will all form the basis for the advancement of regional co-operation.

At Completion, the Company will effectively combine its multimedia operating assets such as service and technology platform in China with the large satellite infrastructure assets of Silkwave Holdings to form a full-fledged satellite-based multimedia service platform with the necessary portfolio of technology, service platform, delivery infrastructure, operating approvals, management expertise to deliver L-band based satellite mobile multimedia services in China and later in One-Belt-One-Road Asia countries. The services will include live streaming of TV/video, audio, web-content downloads, and real-time telematics media services that bypass the conventional cellular network without bandwidth constraints, without data charges, and without bottleneck congestion.

Effectively Monetizing Development Efforts While Retaining Upside

The new business line also represents a much more effective way for the Company to monetize its years of efforts and assets invested in developing mobile multimedia services. As stated in the Board Letter, digital revolution and proliferation of mobile devices have transformed internet and media consumption from desktop and home TV to mobile screen, whether in car or on the move. As a result, mobile delivery consumption, especially video and multimedia, is creating crippling bandwidth shortages mobile bottleneck for our unicast-based one-to-one conventional mobile delivery networks 3G/4G/LTE, which are far from sufficient in accommodating such demand from a cost, capacity, and coverage, standard point.

After Completion, Silkwave Holdings will offer a new structural platform to complement the existing mobile network and solve the critical media delivery problem, and develop a solution that utilizes the capability of one-to-infinite mobile digital broadcasting technology coupled with coverage of a high-power geostationary satellite transmitting in L-band (most desirable mobile spectrum) to do the heavy-lifting of delivering popular media, which bypasses and complements with the conventional mobile network to form a seamless broadcast-unicast convergent platform mobile multimedia and data services to be readily receivable by mobile users anytime anywhere. Its distinct advantage is without data limit, data charges, and traffic congestion, while the coverage is geographically vast and ubiquitous.

The Company aims to provide a dedicated next-generation mobile multimedia services to vehicles and mobile users in China using its CMMB platform offering services such as live mobile TV, video, audio channels, popular web-content downloads, and real-time telematics media services. It will target the China vehicle market as its core market and then extend to its mobile consumers and the One-Belt-One-Road Asian markets. The core target market of Silkwave Holdings after Completion is the vehicle market, including passenger cars, trucks, commercial vehicles, trains and ships in China.

According to the "*2015 National Economic and Social Development*" issued by National Bureau of Statistic of the PRC, the total number of motor vehicles for civilian use reached 172.28 million (including 9.55 million tri-wheel motor vehicles and low-speed trucks) by the end of 2015, up by 11.5% over the previous year, of which privately-owned vehicles numbered 143.99 million, up by 14.4% over the previous year. The total number of cars for civilian use stood at 95.08%, up by 14.6% over the previous year, of which privately-owned cars numbered 87.93 million, up by 15.8% over the previous year.

Furthermore, in telecommunication services, the newly increased capacity of mobile phone switchboard was 65.29 million lines with the total capacity reaching 2,110.66 million lines. By the end of 2015, there were 1,536.73 million phone subscribers in China, of which 1,305.74 million were mobile phone users. Mobile phone coverage rose to 95.5 sets per 100 persons. The mobile broadband internet users reached 785.33 million, increased by 202.79 million over the previous year. Mobile internet traffic was 4.19 billion Gigabyte, up by 103% over the previous year. The number of internet users was 688 million, grew by 39.51 million, of which 620 million were mobile internet surfers, an increase of 63.03 million. The coverage of internet was 50.3%.

The Company aims to deliver next-generation mobile multimedia and data services ubiquitously to everyone from China to Asia by building a sprawling satellite platform. So far it has labored relentlessly to develop the relevant technologies and service platform and has been in talk to acquire the only available L-band satellite infrastructure in Asia central to its platform completion. However, recent global turmoil and financial market uncertainties have posed serious challenge to the Company. It is apparent that to acquire the needed satellite assets and develop into a full service platform will require tremendous upfront and on-going capital commitments from the Company over the next few years before major revenue will kick in, which will be very exhaustive and risky for the Company given its resources and the financial market environment. By merging its operating assets with the Silkwave satellite infrastructure, the Company has short-cut a development path which can synergize and monetize its assets and efforts while, through its stake in Silkwave Holdings, effectively retaining a certain degree of control and upside of a business it has envisioned, pioneered, and will continue to steer. Silkwave Holdings, with all the combined resources, will have a much greater certainty to succeed in deploying services and maximizing returns.

Drastically Reducing Future Capital Commitments

The Acquisition allows the Company with low entry cost and capital commitment to own, develop, manage and participate in all the upsides of the satellite mobile multimedia business in China and eventually regionally. It shifts away much of the extensive financial burden of acquiring the AsiaStar satellite infrastructure and new satellites such as Silkwave-1 as well as funding the terrestrial networks and business operations in China to the independent and better equipped Silkwave platform, which now can better attract financial and investment support from the global institutions and strategic investors.

Flexibility to Consolidate Successful Operation

With the management rights and the Call Option, the proposed Acquisition will give the Company flexibility to consolidate Silkwave Holdings into the Company as it becomes successful and profitable. Leveraging on the 20% stake and the Call Option to acquire up to 51% of Silkwave Holdings plus management rights, the Company will be able to take advantage of this sprawling business platform with minimum capital outlay.

The 49% equity interest in Global Vision will be transferred and injected into Silkwave Holdings. The Directors are of the view that the Disposal will allow the Group to effectively re-allocate resources to other business segments and consolidate the satellite platform and related businesses under Silkwave Holdings. Global Vision was set up to be the operating partnership with the Chinese government for broadcasting satellite-based mobile multimedia services to the mass-market. It signifies an operating entity to crystalize various political, technical, and business support in China. It will need to combine with the Company's satellite resources to be able to deliver services. By merging it with Silkwave Holdings, which the Company will own 20% with management rights, the Company integrates a satellite platform with a business platform to enable service offering in China.

With the partnership the Company gains regulatory support, approvals and licensing for the services as well as an ecosystem of industry players to join in and support the Company.

According to the Board Letter, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered (i) the business plan of Silkwave Holdings after Completion is in line with one of the five major goals of the One-Belt-One-Road; (ii) the Company will take advantage from the full-fledged satellite-based multimedia service platform under the One-Belt-One-Road after Completion; (iii) the Company will monetise its years of efforts in developing mobile multimedia service; (iv) the increasing trend of motor vehicle and mobile internet user in China; (v) reducing the future capital commitments and financial burden of the Company; (vi) the management rights and the Call Option granted to the Company; and (vii) flexibility to consolidate Silkwave Holdings into the Company, we agree with the view of the Directors that the Sale and Purchase Agreement is in the interests of the Company and the Independent Shareholders as a whole.

6. **Sale and Purchase Agreement**

(a) ***Basis of Consideration***

As set out in the Board letter, the total consideration for the Acquisition is US$240 million (the "**Consideration**"), out of which US$94 million will be paid by cash, US$96 million will be satisfied by the issue of the Convertible Notes and US$50 million will be satisfied by the Disposal, which involves the Company's transfer and injection of its 49% equity interest in Global Vision into Silkwave Holdings. The Consideration was determined based on arm's length negotiation between the parties thereto taking into account a number of factors including the business prospects, the future synergies to be derived by the Group after the successful integration of Silkwave Holdings, and also the prices of the comparable assets in the market.

For the purpose of determining the Consideration, the Company valued Silkwave Holdings based on the acquisition of the 55% equity interest in Silkwave Holdings by Chi Capital by contributing 20% equity interest in NYSH plus total cost and a consideration of US$290 million. As NYSH is wholly-owned by Silkwave Holdings after such acquisition and Silkwave Holdings has no material assets other than those owned by NYSH, the Company considers that the value of 20% equity interest in NYSH should be equivalent to the value of 20% equity interest in Silkwave Holdings. Therefore, the US$290 million portion of the consideration contributed by Chi Capital represents the value of 35% equity interest in Silkwave Holdings. Accordingly, the Company valued 100% of the equity interest in Silkwave Holdings at US$828.6 million for the purpose of determining the Consideration.

In addition, the Company will transfer its entire 49% equity interest in Global Vision to Silkwave Holdings upon the Completion. After the Completion, the Company will indirectly hold 9.8 % equity interest in Global Vision through its 20% equity interest in Silkwave Holdings. The Company valued the 9.8% equity interest in Global Vision based on the proportion of the Disposal Consideration of US$50 million, which is US$10 million.

With reference to the abovementioned value of the equity interest in Silkwave Holdings, US$175.7 million represents the aggregate of US$165.7 million for the value of 20% equity interest in Silkwave Holdings (without any interest in Global Vision) and US$10 million for the 9.8% equity interest in Global Vision to be transferred to Silkware Holdings upon Completion. The difference between the Consideration payable by the Group of US$240 million and US$175.7 million represents (i) the premium for the Call Option; (ii) the management rights to be granted to the Group.

For the purpose of determining the amount of the Consideration, the Board has taken into account the prices of satellite spectrum per MHz per population covered (i.e. number of people) among the purchases and sales of comparable satellite spectrum licenses and air-wave in the Europe markets, which range from US$0.11 to US$0.211 per MHz per population covered, based on the valuation report (the "**Valuation Report**") prepared by Roma Appraisals Limited (the "**Independent Valuer**").

According to the Valuation Report, the market value of the geosynchronous L-band satellite operating platform, named "AsiaStar"(the "**Spectrum**") owned by New York Satellite Holdings, LLC. was appraised at US$4.25 billion based on a market-based approach, which takes into account comparable international auction prices of similar electromagnetic spectrum. Therefore, the Consideration represents a steep discount of approximately 72% to its fair value. Furthermore, the appraised valuation only takes into account China and its 1.4 billion population under coverage and not the entire Asia regions which has 4.4 billion population, which if were to be taken into account, will significantly increase the appraised value. The Company considers the inclusion of China-only valuation is appropriate for now as it is the base market for its development with a concrete business plan and the rest of the regions are for future development.

The Company appointed the Independent Valuer to opine on the market value of the Spectrum as at 16 January 2017. We have reviewed the Valuation Report as set out in Appendix V to this Circular and discussed with the Independent Valuer regarding the method and assumptions in arriving at the valuation. Based on our discussion with the Independent Valuer, we understood that in the process of valuing the Spectrum, the Independent Valuer has taken into account of the specifications of the Spectrum and relevant information available in the market. We are given to understand that the income-based approach was not adopted because a lot of assumptions would have to be made, which the valuation could be significantly influenced by the inappropriate assumptions made. The asset-based approach was also not adopted because it could not reflect the market value of the Spectrum. The Independent Valuer has therefore considered the adoption of the market-based approach in arriving at the market value of the Spectrum.

We have also considered the nature of the Spectrum and understood that the adoption of the income-based approach or asset-based approach for valuing the Spectrum would be impractical. Furthermore, according to "*Best Practice for Business Valuation*" published by the International Association of Consultants, Valuators and Analysts (IACVA), the market-based approach is deemed to be the most preferred when valuing an enterprise, or a single tangible or intangible asset. The reasons given for this preference are that the market represents real prices and therefore the most likely place to find a value that has been agreed between a seller and a buyer. Therefore, we believe that the adoption of the market-based approach by the Independent Valuer is in line with the market practice. We concur with the Independent Valuer that the income-based approach and asset-based approach are not proper for valuation of the Spectrum base on the reasons mentioned above while the market-based approach is the proper valuation methodology to adopt for this valuation purpose, and hence could not conduct separate analysis on the valuation of the Spectrum and relied only on the valuation on the Spectrum prepared by the Independent Valuer who is a qualified professional valuer. The Independent Valuer has conducted its valuation on a market value basis in accordance with International Valuation Standards issued by International Valuation Standards Council.

We have reviewed the engagement letter of the Independent Valuer and have assessed the scope of works for the valuation of the Spectrum, the experience and the qualification of the Independent Valuer. We understood that Mr. Kelvin Luk ("**Mr. Luk**") and Mr. Chris Tan ("**Mr. Tan**") are the responsible staffs of the Valuation Report. Mr. Luk, the director of the Independent Valuer, is a member of IACVA. Mr. Tan, the director of the Independent Valuer, is a charterholder of the Chartered Financial Analyst. Mr. Luk and Mr. Tan have over ten and seven years of experience respectively in valuation and consultation. Mr. Luk and Mr. Tan have conducted and supervised several valuation cases on various assets of companies, both listed and private, in the media/telecommunication industry. In view of the scope of works for the valuation of the Spectrum, the qualification and experience of the Independent Valuer, we consider the engagement of the Independent Valuer is proper.

We have also reviewed the Valuation Report and observed that the Independent Valuer has adopted the market-based approach in arriving the market value of the Spectrum and under such valuation method, the market value of the Spectrum as at 16 January 2017 was arrived at approximately US$4.25 billion (the "**Valuation**"). Based on the Valuation, the implied market value of 20% interest of the Spectrum is US$850.8 million (the "**Target Valuation**"). The Consideration of approximately US$240 million represents a discount of approximately 72% to the Target Valuation.

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

The Independent Valuer has considered the transactions in recent five years and 10 comparable transactions in Italy and Germany, which range from US$0.11 to US$0.211 per MHz per population covered, has been sorted out (the "**Valuation Comparables**") as regards the similarity in their spectrum specifications with the Spectrum and were the completed deals for the licenses to operate a specific spectrum. The source of the Valuation Comparables is a list of comparable deals obtained from the official website of the Ministry of Economic Development of Italy and the Federal Network Agency (Bundesnetzagentur) of the German Federal Ministry of Economics and Technology.

We have interviewed with the Independent Valuer and we are given to understand that the Independent Valuer has conducted researches on transactions of the similar type of spectra on public internet sources including but not limited to the official website of the Ministry of Economic Development of Italy, the Federal Network Agency (Bundesnetzagentur) of the German Federal Ministry of Economics and Technology (collectively as the "**Major Sources**"), and other independent third parties website in relation to the Spectrum. We believe that the Major Sources reviewed by the Independent Valuer are reliable as the Major Sources are governmental official information. Please see below for the Major Sources reviewed:

(i) The Ministry of Economic Development of Italy:

http://www.sviluppoeconomico.gov.it/index.php/it/
per-i-media/comunicati-stampa/2033291-banda-l-un-lotto-a-telecom-e-uno-a-vodafone-incassati-462-milioni-di-euro

(ii) The Federal Network Agency (Bundesnetzagentur) of the German Federal Ministry of Economics and Technology:

https://www.bundesnetzagentur.de/EN/Areas/Telecommunications/Companies/Frequency Management/ElectronicCommunicationsServices/MobileBroadbandProject2016/project2016_node.html

We have reviewed the sources and understood that the spectrum deal transactions obtained from the Major Sources have similar spectrum specification to the Spectrum. We also understood that the Independent Valuer has adopted several criteria in the process of selecting comparable transaction, including (i) L-band transaction with frequency range of electromagnetic waves between 1,400MHz and 1,500 MHz; (ii) transaction in recent five years globally; and (iii) the major details of the transaction are publicly disclosed.

As further advised by the Independent Valuer, due to the fact that not all the transactions of similar spectra are fully disclosed to the public and therefore the Valuation Comparables selected by them are under best effort basis. Based on the research conducted by the Independent Valuer, the Independent Valuer has researched the transactions in recent five years and has selected 10 completed deals for the licenses to operate a specific spectrum which were made in Italy and Germany in 2015, with an exclusion of the transactions in the United Kingdom in 2015 due to the insufficient data from official channel.

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

As advised by the Independent Valuer, as the sale price of the spectrum will be varied with the coverage population and the bandwidth, the Independent Valuer considered that price per MHz per person under coverage of the area (Price/MHz/Population) as the most appropriate multiple in calculating the market value of the Spectrum. According to "*Spectrum Licenses: Valuation Intricacies*" issued by Stout Risius Ross, Inc., it is commonplace in the industry to convert the prices paid for spectrum into multiples in order to compare prices across bands and in different market and Price/MHz/Population is the most common multiple. While we conducing our independent search from the public channels, we understood that using Price/MHz/Population as unit to present the price per MHz per person under coverage of the area of spectrum is a general and common practice in the industry. In order to be in line with the market practice, we believe the use of Price/MHz/Population as multiple to estimate the market value of the Spectrum under the market-based approach is the most appropriate.

The Independent Valuer has also adopted a technical discount to the Valuation which is referenced to the statistics on the penetration rate of active mobile-broadband subscriptions published by the International Telecom Union ("**ITU**"). ITU is an agency for information and communication technologies ("**ICTs**") specialised by the United Nations and it is also the official source for global

ICT statistics. According to the ITU website, "*ITU collects time series data on telecommunication and ICT statistics for over 100 indicators, through an annual questionnaire, which is sent to national government telecommunication authorities, as well as through online research. It also collects household ICT statistics, based on the internationally agreed core list of indicators developed by the Partnership on Measuring ICT for Development, through a questionnaire sent to National Statistical Offices. The data are carefully checked, verified and harmonized, before being disseminated, to enhance international comparability*". The Independent Valuer has applied a penetration rate factor of 55.6% (i.e. approximately equal to 42.6%/76.6%) in the Valuation by referencing to the penetration rates of active mobile-broadband subscriptions in Asia & Pacific region (42.6%) and Europe region (76.6%) obtained from the ITU database. The technical adjustment was adopted to reflect the factor of active mobile-broadband subscriptions penetration in both Asia & Pacific region and Europe region, as the Valuation Comparables were in the Europe region and the Spectrum is in Asia & Pacific region. We have reviewed the statistics obtained from the ITU database and we believe that the adopted penetration rate factor of 55.6% in the Valuation is appropriate for the reasons of the statistics referenced from the ITU database is reliable as ITU is an agency specialised by the United Nations.

In regard of the dissimilarities between the Valuation Comparables and the Spectrum, such as the different coverage of area and market condition, the Independent Valuer has considered the geographical and coverage difference with the factor of their respective population and penetration of the active mobile-broadband subscriptions in the region. Having considered the above consideration made by the Independent Valuer, we believe the adoption of the average price of the Valuation Comparables is appropriate and reasonable after taking into account of the country population of the Valuation Comparables and the penetration of the respective region.

The formula to arrive the market value of the Spectrum is illustrated as below:

Market Value of the Spectrum	=	Average price paid per MHz per person under coverage of the area multiple of the Valuation Comparables (Price/MHz/Population) x Spectrum capacity of the Spectrum leased to the Company (MHz) x Expected covered population in the PRC (Population) x Penetration rate factor

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

Having considered that (i) the Consideration of US$240 million is composed of the 20% equity interest in Silkwave Holdings, the 9.8% equity interest in Global Vision to be transferred to Silkwave Holdings upon Completion, the premium for the Call Option and the management rights to be granted to the Group; (ii) the Independent Valuer's experience in the media industry, valuation approach, methodology and assumptions adopted by the Independent Valuer; (iii) the Consideration represents a discount of approximately 72% to the Valuation; and (iv) the ultimate business goal of the Group and the potential of the Acquisition that can be brought to the Group as discussed in the section "***Reason for and Benefits of the Acquisition and the Disposal***" in the Board Letter, we are of the view that both the Valuation Report and Consideration are fair and reasonable so far as the Independent Shareholders are concerned.

(b) ***The Call Option***

The Company has a seven-year Call Option to acquire from Chi Capital an additional 31% equity interest in Silkwave Holdings to bring the Company's equity interest in Silkwave Holdings to 51% so as to consolidate Silkwave Holdings as a subsidiary of the Company, assuming that there will be no additional allotment or issues of shares by Silkwave Holdings. The exercise price of the Call Option is US$500 million. In the event that there would be any share dilution prior to the exercise, Chi Capital undertakes that it will acquire such number of additional shares in Silkwave Holdings and offer to transfer such additional shares at the same valuation of the last investor's investment as necessary for the Company to reach the 51% controlling stake in Silkwave Holdings upon exercise of the Call Option.

The settlement for the exercise price of the Call Option will be satisfied with 50% (or US$250 million) in cash and 50% (or US$250 million) in convertible notes, which will have the same terms and conditions as the Convertible Notes.

Based on the Valuation, it implied that the market value of 31% interest of the Spectrum is approximately US$1,267 million. The exercise price of the Call Option of US$500 million represents a discount of approximately 60.54% to the market value of 31% interest of the Spectrum.

As advised by the Company, the exercise price of the Call Option of US$500 million is determined assuming that there is no early exercise of the Call Option and it can only become effective provided that Silkwave Holdings will generate earnings before interest, taxes, depreciation and amortization (EBITDA) of US$200 million based on the audited report in any given year in the seven-year period of the Call Option. It implies that Silkwave Holdings needs to endure a carrying cost for its asset for 7 years. Comparing the implied consideration of US$175.7 million for 20% equity interest in Silkwave Holdings and 9.8% equity interest in Global Vision to the exercise price of US$500 million for its additional 31% equity interest in the seven-year period, representing approximately 9% compounded annually (the "**Compound Annual Growth Rate**"). We are given to understand that in determining the US$500 million exercise price of the Call Option, the Company has considered (i) the expected gross domestic products ("**GDP**") growth of the PRC; and (ii) the future prospect of Silkwave Holdings.

We have conducted research and according to the International Monetary Fund, the expected GDP growth of the PRC in 2017 is 6.50% (the "**2017 Expected GDP Growth**"). Despite the fact that the Compound Annual Growth Rate of approximately 9% is beyond the 2017 Expected GDP Growth, having considered that (i) the future prospect of Silkwave Holdings as stated in the above section headed "***Reasons for and benefits for the Acquisition and the Disposal***"; (ii) the Call Option allows the Company to gain control over Silkwave Holdings and it is not an uncommon market practice that a buyer is willing to pay over the market price of a company in order to acquire a controlling stake in that company; and (iii) the Company will only exercise the Call Option when Silkwave Holdings becoming significantly profitable i.e. Silkwave Holdings achieves an audited EBITDA of US$200 million in any given year in the seven-year period of the Call Option, we are of the view that the US$500 million exercise price of the Call Option is fair and reasonable.

Having considered the above, we are of the view that the Call Option is fair and reasonable so far as the Independent Shareholders are concerned.

(c) ***Management Rights***

The Company will be granted by Chi Capital and Silkwave Holdings' management rights of the operation of Silkwave Holdings upon completion of the Sale and Purchase Agreement. Such management rights will include but not limited to the appointment of one director out of the three board seats, chairman, chief executive officer or general manager of Silkwave Holdings, the formulation of budget, distribution of dividends, capital fund-raising, merger, liquidation and daily management of Silkwave Holdings, subject to the approval from the board of directors of Silkwave Holdings. Mr. Wong Chau Chi, the chief executive officer of the Group, and Dr. Liu Hui, the chief technology officer of the Group, both Directors, will initially constitute part of the management team of Silkwave Holdings.

Together with the management rights and the Call Option, the proposed Acquisition will give the Company flexibility to consolidate Silkwave Holdings into the Company as it becomes successful and profitable.

(d) ***The Disposal***

US$50 million of the Consideration (the "**Disposal Consideration**") will be satisfied by the Disposal of the Company's 49% equity interest in Global Vision, which is to be transferred and injected into Silkwave Holdings. The Disposal Consideration was arrived at after arm's length negotiation between the Company and Chi Capital with reference to the Company's total capital contribution to Global Vision and the incremental costs incurred such as market and development costs incurred by the Group, expenditures related to market research, consultancy services and due diligence work etc, and potential growth. The Company has paid US$16.5 million in capital into Global Vision and Global Vision has a net book value of US$14.62 million as at 30 September 2016 based on the management accounts of Global Vision.

According to the Board Letter, the Directors has assessed the Disposal Consideration of US$50 million based on (i) total paid up capital to Global Vision of US$16.5 million; (ii) total market and development costs incurred by the Group since 2014 when the Company announced to commence the satellite broadcasting business in September 2014 and up to 30 September 2016, amounting to approximately US$11.0 million (2014: US$392,000; 2015: US$6,274,000 and 2016: US$4,312,000); and (iii) the realisation of the potential growth and contribution to the Group from the satellite broadcasting business.

Global Vision was established in 2015. With dedicated efforts contributed by the Company, including management involvement, technologies expertise, financial support, etc., Global Vision has been achieved various significant milestone. Global Vision entered into a strategic cooperation agreement with China's Telematics Industry Applications Alliance. Through this agreement, it has formulated trial networks in key national automative bases, including Chongqing, Changchun and Dalian, in a partnership with government authorities to carry out comprehensive trial services to test, validate and optimize the technologies, application, devices, equipment, systems, service models and partnership alignments so as to pave for commercial service launch. Global Vision entered into another strategic cooperation framework agreement with China Internet Information Centre. Under this agreement, it will jointly develop internet-based multimedia content and channels to support the Company's connected-car satellite multimedia services in China and other Asia Pacific countries.

It is expected that the Company will record a gain of approximately US$42.84 million (subject to audit), being the difference between the Disposal Consideration less estimated expenses and the net book value of the 49% equity interest in Global Vision as stated in the consolidated management accounts of the Group as at 30 September 2016.

Upon the completion of the Disposal, the 49% equity interest in Global Vision will be transferred and injected into Silkwave Holdings and implied that the Company will eventually indirectly hold 9.80% equity interest in Global Vision. Under the Call Option, the Company has an opportunity to bring its indirect equity interest in Global Vision from 9.80% (after the completion of the Disposal) to 24.99%.

In addition, we are given to understand that the Disposal will allow the Group to effectively re-allocate resources to other business segments and consolidate the satellite platform and related businesses under Silkwave Holdings. Global Vision was set up to be the operating partnership with the Chinese government for broadcasting satellite-based mobile multimedia services to the mass-market. It signifies an operating entity to crystalize various political, technical, and business support in China. It will need to combine with the Company's satellite resources to be able to deliver services. By merging it with Silkwave Holdings, which the Company will own 20% with management rights, the Company integrates a satellite platform with a business platform to enable service offering in China.

With the partnership with the Chinese government, the Company gains regulatory support, approvals and licensing for the services as well as an ecosystem of industry players to join in and support the Company.

Having considered the reasons and benefits of the Disposal as set out above, we are of the view that both the Disposal and the Disposal Consideration are fair and reasonable so far as the Independent Shareholders are concerned.

(e) ***The Convertible Notes***

Pursuant to the Sale and Purchase Agreement, part of the Consideration in the amount of US$96 million will be paid by way of the Company issuing the Convertible Notes with equivalent face value, which are convertible to the Shares at a conversion price of HK$0.40 per Share (the "**Conversion Price**") for a total of 1,862,400,000 new Shares. The Convertible Notes will have a seven-year maturity period with redemption amount of 100% of the principal amount and carries a zero-coupon.

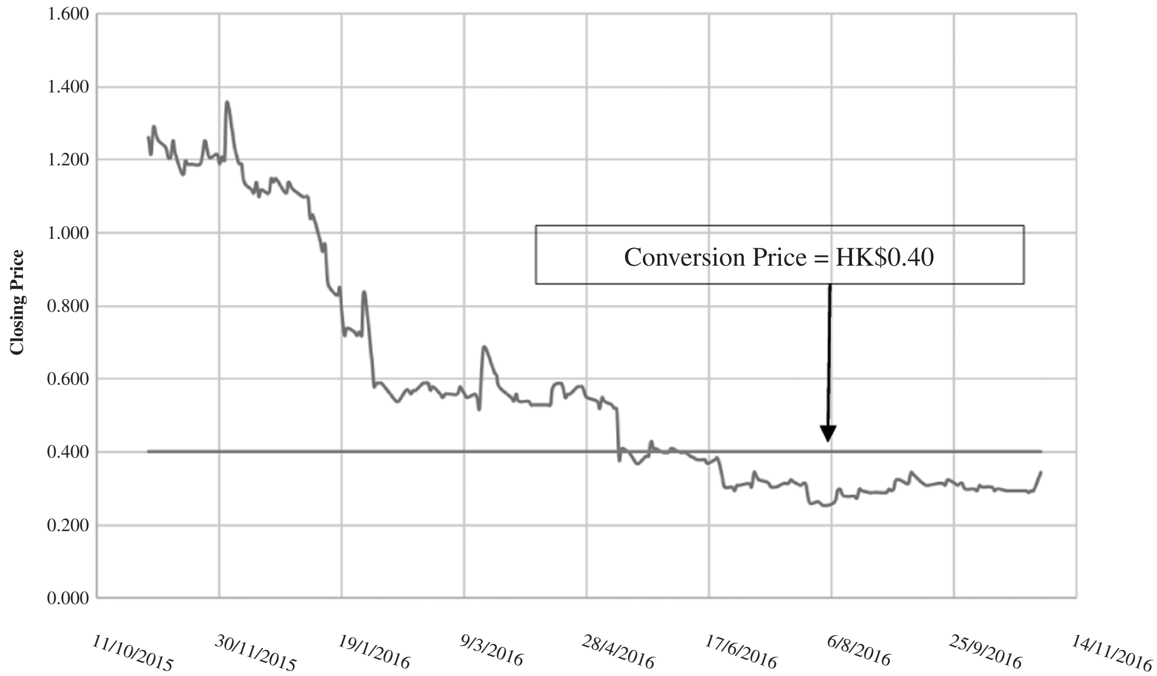
At the EGM, the Company will seek the grant of Specific Mandate from the Shareholders to allot and issue the Conversion Shares upon conversion of the Convertible Notes. For further details of the terms of the Convertible Notes, please refer to the section headed "***Proposed Grant of Specific Mandate to Issue the Conversion Shares***" in the Board Letter.

The conversion price of the Convertible Notes of HK$0.40 per Conversion Share represents: (i) a premium of approximately 35.59% to the closing price of HK$0.295 per Share as quoted on the Stock Exchange on 28 October 2016; (ii) a premium of approximately 36.05% to an average closing price of HK$0.294 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 October 2016; and (iii) a premium of approximately 35.59% to the average closing price of HK$0.295 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 28 October 2016.

All material terms of the Second Convertible Notes shall be identical to that of the Convertible Notes, except for its principal amount, date of issue and maturity date. The Second Convertible Notes will be issued and will only be issued upon the exercise of the Call Option, which could be anytime within the next seven years.

(i) *Historical price performance*

In assessing the fairness and reasonableness of the Conversion Price, we have reviewed the movements in the trading price of the Shares during the period from 1 November 2015 (being the 12 calendar months period prior to the date of the Sale and Purchase Agreement) up to and including 31 October 2016, being the date of the Sale and Purchase Agreement (the "**CN Review Period**"). The closing prices of the Shares during the CN Review Period are set out below:



Source: The Stock Exchange

As shown in the above chart, we note that the closing price of the Shares shows a general downward trend during the CN Review Period. During the CN Review Period, the highest closing price was HK$1.360 on 4 December 2015, and the lowest closing price of the Shares was HK$0.255 on 3, 4 and 5 August 2016. The average of the closing prices of the Shares during the CN Review Period was approximately HK$0.586. The Conversion Price represents a discount of approximately 31.74% to such average closing price.

(ii) *Comparable analysis*

In order to assess the fairness and reasonableness of the terms of the Convertible Notes, to the best of our knowledge, we have looked into companies listed on the Main Board or Growth Enterprise Market of the Stock Exchange which have made announcements for issuing convertible notes/bonds for satisfying the consideration of the acquisition transactions (the "**CB Comparables**") from 1 November 2015 up to and including 31 October 2016 (the "**CN Comparable Period**"), being the date of the Sale and Purchase Agreement for reference. We are of the view that our analysis with the CN Comparable Period, being about twelve months prior to and including the date of the Sale and Purchase Agreement would provide us with the recent relevant information on the market conditions and sentiments, which plays an important role in the determination of the Conversion Price in general.

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

Comparable (stock code)	Date of announcement	Principal Amount	Maturity	Coupon rate per annum	Premium/ (discount) of the conversion price over/ to closing price per share on the last trading day prior to announcements	Premium/ (discount) of the conversion price over/to the average closing price per share on the last five trading day prior to announcements
		(HK$)	*(years)*	*(%)*	*(%)*	*(%)*
Prosperity International Holdings (H.K.) Limited (803)	26/10/2016	100,000,000	3	5	5.63	10.62
E-Learning Group Limited (8055)	11/10/2016	95,319,000	N/A	N/A	(19.32)	(7.10)
L&M Hangbags (1488)	18/9/2016	1,500,000,000	5	3	(5.60)	(6.80)
Sino Energy International Holdings Group Limited (1096)	31/8/2016	120,000,000	2	7.5	11.44	12.78
Sheen Tai Holdings Group Company Limited (1335)	17/3/2016	236,160,000	2	0	(19.10)	(18.18)

Comparable (stock code)	Date of announcement	Principal Amount	Maturity	Coupon rate per annum	Premium/ (discount) of the conversion price over/ to closing price per share on the last trading day prior to announcements	Premium/ (discount) of the conversion price over/to the average closing price per share on the last five trading day prior to announcements
		(HK$)	*(years)*	*(%)*	*(%)*	*(%)*
Chinese Strategic Holdings Limited (8089)	25/2/2016	120,000,000	Maturity Date: 31/12/2019	0	(45.65)	(33.69)
China Success Finance Group Holdings Limited (3623)	27/1/2016	129,800,000	2.5	3	40.79	39.09
China Public Procurement Limited (1094)	21/12/2015	357,300,304	3	0	—	12.35
HMV Digital China Group Limited (formerly known as China 3D Digital Entertainment Limited) (8078)	14/12/2015	Up to 7,000,000	2	0	(8.90)	(0.66)
Cheung Wo International Holdings Limited (9)	16/11/2015	822,000,000	3.5	0	(46.31)	(44.06)
Powerwell Pacific Holdings Limited (8265)	9/11/2015	110,000,000	2	0	(64.30)	(57.60)
			Maximum	**7.50**	**40.79**	**39.09**
			Minimum	**0.00**	**(64.30)**	**(57.60)**
			Mean	**1.68**	**(13.76)**	**(8.48)**
			The Convertible Notes	**0.00**	**35.59**	**36.05**

Source: The Stock Exchange

Based on the above illustration, the premium represented by the Conversion Price to the closing price on the date of the Announcement falls within the range of the discount of approximately 64.30% and the premium of approximately 40.79% of the CB Comparables. We noted that the premium represented by the Conversion Price to the closing price on the date of the Announcement lies above the mean of the CB Comparables of discount of approximately 13.76%.

In addition, the premium represented by the Conversion Price to the 5-day-average closing price up to the on the date of the Announcement falls within the range of the discount of approximately 57.60% and the premium of approximately 39.09% of the CB Comparables. We noted that the preimum represented by the Conversion Price to the closing price on the date of the Announcement lies above the mean of the CB Comparables of discount of approximately 8.48%.

Having considered (i) the decreasing trend of the Shares during the CN Review Period; (ii) the Convertible Notes are non-interest bearing; and (iii) the Conversion Price represents a premium over both average closing price on the date of announcements and 5-day-average closing price up to the on the date of announcements of the CB Comparables, we are of the view that the grant of Specific Mandate and the terms of Convertible Notes are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Independent Shareholders as a whole.

7. **Financial effect of the Acquisition**

Upon the Completion, the Company will directly hold 20% of the equity interest of Silkwave Holdings, which will become an associate of the Company and the results, assets and liabilities of Chi vision will be accounted for using equity method into the accounts of the Group.

Set out in Appendix IV to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effects of the Acquisition on the earnings and assets and liabilities of the Group assuming the Completion had taken place on 30 June 2016. Based on the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this circular, the total assets of the Group would increase by approximately 69.2% from approximately US$225.3 million to approximately US$381.3 million and its total liabilities would increase by approximately 3.5 times from approximately US$21.5 million to approximately US$95.7 million. Even though for the period ended 30 June 2016, Silkwave Holdings has not yet generated any revenue and profit, the Directors consider that, in view of the synergies with the Group, after the Completion, Silkwave Holdings will contribute to the revenue, earnings base and working capital of the Enlarged Group for reasons set out in the section headed "***Reasons for and Benefit for the Acquisition and the Disposal***" in the Board Letter. Initially, Silkwave Holdings is expected to generate revenue from its satellite-to-mobile broadcasting operations (activation fee income, premium contents and advertising income) in China and One-Belt-One-Road Asia countries. As stated in the above section headed "***Reasons for and Benefits for the Acquisition and the Disposal***" in our letter, we concur that the Company's business plan is reasonable and achievable to create synergies.

8. **Potential dilution effect to the public Shareholders**

The table showing the effect of the Acquisition on the shareholding structure of the Company has been set out under the section headed "***Shareholding structure of the Company before and after the completion***" in the Board Letter.

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

As at the Latest Practicable Date, the shareholding of Chi Capital is approximately 29.47% and the shareholding of the Independent Shareholders is approximately 70.53%. Assuming that (i) the Convertible Notes are being fully converted but before the conversion of the Existing Convertible Notes, the shareholdings of existing public Shareholders will be diluted from approximately 70.53% to approximately 35.39%; and (ii) both of the Existing Convertible Notes and the Convertible Notes are being fully converted, the shareholdings of existing public Shareholders will be diluted from approximately 70.53% to approximately 33.35%.

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

RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, we considered (i) the terms of the Sale and Purchase Agreement and the transactions thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the grant of Specific Mandate has been entered into on normal commercial terms and are fair and reasonable so far as the Company is concerned and is in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution(s) to approve the Sale and Purchase Agreement and the transactions thereunder, and the grant of Specific Mandate 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 20 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 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015, and the financial information of the Group for the six months ended 30 June 2016 are disclosed in the interim report of the Company for the six months ended 30 June 2016, 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 2013, 2014 and 2015, as extracted from the relevant annual reports of the Company, and the financial information of the Group for the six months ended 30 June 2015 and 2016, 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 2013 and 2014.

The Company's auditor, HLM CPA Limited, has not issued any qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2015.

	For the year ended 31 December		
	2015	**2014**	**2013**
	US$	*US$*	*US$*
	(audited)	*(audited)*	*(audited)*
Revenue	8,668,572	912,492	713,774
Cost of sales	(8,211,905)	(582,824)	(652,695)
Gross profit	456,667	329,668	61,079
Loss before tax for the year	(21,664,929)	(2,118,818)	(234,151)
Income tax expense	(65,578)	(87,310)	(59,000)
Loss for the year	(21,730,507)	(2,206,128)	(293,151)
Other comprehensive expense			
Exchange differences arising on translation	(37,026)	—	—
Loss and total comprehensive expense for the year	(21,767,533)	(2,206,128)	(293,151)

	For the year ended 31 December		
	2015	**2014**	**2013**
	US$	*US$*	*US$*
	(audited)	*(audited)*	*(audited)*
(Loss) profit for the year attributable to:			
- owners of the Company	(21,404,695)	(1,977,648)	212,481
- non-controlling interests	(325,812)	(228,480)	(505,632)
	(21,730,507)	(2,206,128)	(293,151)
Total comprehensive (expense) income attributable to:			
- Owners of the Company	(21,441,721)	(1,977,648)	212,481
- Non-controlling interests	(325,812)	(228,480)	(505,632)
Total comprehensive expense for the year	(21,767,533)	(2,206,128)	(293,151)
(Loss) earnings per share			(Restated)
- Basic	(0.0046)	(0.0009)	0.0002
- Diluted	(0.0046)	(0.0010)	(0.0015)

	For the six months ended 30 June	
	2016	**2015**
	US$'000	*US$'000*
	(unaudited)	*(unaudited)*
Revenue	2,885	5,189
Cost of sales	(2,406)	(4,965)
Gross profit	479	224
Loss before tax for the period	(5,706)	(3,791)
Income tax expense	(30)	(71)
Loss for the period	(5,736)	(3,862)
Other comprehensive expense		
Exchange differences arising on translation	(52)	(6)
Total comprehensive expense for the period	(5,788)	(3,868)
Loss for the period attributable to		
- owners of the Company	(5,852)	(3,850)
- non-controlling interests	116	(12)
	(5,736)	(3,862)
Total comprehensive expense attributable to:		
- Owners of the Company	(5,904)	(3,856)
- Non-controlling interests	116	(12)
Total comprehensive expense for the period	(5,788)	(3,868)
Loss per share	*US cents*	*US cents*
		(Restated)
- Basic	(0.34)	(0.38)
- Diluted	(0.34)	(0.38)

Please see below quick link to the interim report of the Company for the six months ended 30 June 2016:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0928/LTN20160928194.pdf

Please see below quick link to the annual report of the Company for the year ended 31 December 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0415/LTN20160415283.pdf

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

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

2. INDEBTEDNESS

Convertible Notes

As at the close of business on 31 January 2017, 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 2017, 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, with its outstanding balance of US$1,203,000.

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 2017.

3. MATERIAL ACQUISITION SINCE 30 JUNE 2016

Save as disclosed herein, the Group did not have any material acquisition or disposals of subsidiaries and associates during the Relevant Period.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that the Group will, taking into account the effect of the transactions contemplated under the Sale and Purchase Agreement 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.

5. 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 trading business.

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.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE GROUP

Set out below is the management discussion and analysis of the results of the Group for each of the financial years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016.

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

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

Management discussion and analysis of the Group for the six months ended 30 June 2016

FINANCIAL REVIEW

For the six months ended 30 June 2016 ("Period"), the Group recorded loss for the period of US$5,736,000 as compared to US$3,862,000 for the same period in 2015, representing an increase of approximately 49%. Loss per share was US0.34 cents (six months ended 30 June 2015: US0.38 cents (restated), and net assets per share attributable to owners of the Company was US9.4 cents (31 December 2015: US16.3 cents).

Revenue

For the Period, the Group is engaged in provision of transmission and broadcasting of telephone programs and trading of printed circuit board materials with revenue of US$2,885,000 (six months ended 30 June 2015: US$5,189,000). The decrease in revenue of approximately US$2,304,000 or 44% was mainly due to the decrease in trading of printed circuit board materials by US$2,960,000, which is offset by the increase in TV rental income of US$656,000 attributable from Chi Vision USA.

Save as disclosed in note 9 of the consolidated financial statements of the Company for the year ended 31 December 2015, the Company entered into an agreement and a supplementary agreement (the "Agreements") respectively with Chi Capital, for the acquisition of 79% equity interest in Chi Vision USA which 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 which are Los Angeles, San Francisco, Dallas, Houston, Altanta, Miami and Tampa. The purpose of this acquisition is to integrate and expand the Company's existing UHF network in New York with the additional key and strategic cities across the USA so as to create a much larger spectrum network to enable the delivery of free-to-air TV services initially, and next generation CMMB mobile multimedia service eventually, with greater audience coverage, operating efficiencies and revenue opportunities. This acquisition was completed in July 2015.

Cost of sales

Cost of sales mainly includes costs of goods sold, staff costs and operating lease payments. The decrease in cost of sales of US$2,559,000 or 52% was due to the decrease in costs of goods sold of approximately US$2,680,000 and increase in operating lease payments of approximately US$260,000 for the current period.

Gross profit

Gross profit increased by 114% to US$479,000 (six months ended 30 June 2015: US$224,000) which was arisen from the increase in TV rental income from the newly acquired company in July 2015.

Administrative expenses

During the Period, the Group's administrative expenses increased by 61% to US$1,010,000 (six months ended 30 June 2015: US$627,000) which is mainly due to the increase in staff costs, office rent and general administrative expenses incurred for the newly setup offices in Beijing.

Market development and promotion expenses

During the Period, the Group's market development and promotion expenses increased by 42% to US$3,759,000 (six months ended 30 June 2015: US$2,648,000) which is mainly due to the increase in consultancy service fees for business development and travelling expenses for attending business conferences and meetings as well as research and development costs.

Other expenses

Other expenses mainly include corporate legal and professional fee of US$332,000 (six months ended 30 June 2015: US$236,000) for the proposed acquisition of TV stations and spectrum in USA in 2015 and development of new satellite business for both periods.

Finance costs

Finance costs of the Group for the Period amounted to US$1,012,000 (six months ended 30 June 2015: US$500,000) which mainly represents effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the six months ended 30 June 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group had equity attributable to owners of the Company of US$175,913,000 (31 December 2015: US$101,661,000). Current assets amounted to US$46,862,000 which mainly comprises bank balances and cash of US$40,889,000 and trade and other receivables of US$3,811,000. Current liabilities amounted to US$1,841,000 which mainly comprises trade payables of US$1,075,000.

As at 30 June 2016, the Group's current ratio was 25.4 (31 December 2015: 8.9) and the gearing ratio (a ratio of total loans to total assets) was 8.7% (31 December 2015: 12.4%). Other than convertible notes of US$19,634,000, the Group did not have any bank borrowings as at 30 June 2016 (31 December 2015: Nil).

In April 2016, the Group has completed rights issue on the basis of one rights share for every one existing share at HK$0.1 per rights share ("Rights Issue") and one bonus share for every one rights share taken up under the Rights Issue ("Bonus Shares"), to raise approximately HK$625,320,000 (equivalent to US$80,595,000) before expenses. The Group plans to apply the proceeds from the Rights Issue for the major capital expenditure for the deployment in China with details as set out in the prospectus of the Company dated 23 March 2016.

FOREIGN EXCHANGE EXPOSURE

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

SEGMENT INFORMATION

Details of segment information of the Group for the Period are set out in note 3 to the condensed consolidated financial statements.

EMPLOYEE BENEFITS

For the Period, the average number of employees of the Group was approximately 40 (six months ended 30 June 2015: approximately 20), and the Group's staff costs amount to US$993,000 (six months ended 30 June 2015: US$546,000). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the Period, the Company has not granted any share options to Directors, employees and consultants of the Group under the new share option scheme of the Company adopted on 18 December 2015.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

During the Period, the Group did not have any material acquisition or disposals of subsidiaries or associates other than those announced on website of The Stock Exchange of Hong Kong Limited.

CHARGE ON ASSETS

As at 30 June 2016, neither the Group nor the Company pledges any properties and assets (31 December 2015: Nil).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group and the Company has guaranteed a contingent liability of an aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by its equity investment, with its outstanding balance of US$1,203,000 (31 December 2015: US$1,551,000).

Management discussion and analysis of the Group for the year ended 31 December 2015.

FINANCIAL REVIEW

For the financial year ended 31 December 2015, the Group recorded loss for the year of approximately US$21,731,000, which includes loss for the year attributable to owners of the Company and non-controlling interests amounted to approximately US$21,405,000 and US$326,000 respectively. Loss per share was approximately US0.46 cents (2014: US0.09 cents) and net assets per share of the Group was approximately US1.6 cents (2014: US1.43 cents).

During the year ended 31 December 2015, the Group is engaged in provision of transmission and broadcasting of television programs ("CMMB Business") and trading of printed circuit board materials ("Trading Business") with revenue of approximately US$8,669,000 (2014: US$5,810,000 (restated[1])). The increase in revenue of approximately US$2,859,000 or 49% was solely contributed by the Trading Business.

Cost of sales mainly includes cost of goods sold, staff costs and operating lease payments. The increase in cost of sales of approximately US$2,731,000 or 50% was due to the increase in cost of goods sold, of approximately US$2,642,000 and increase in operating lease payments of approximately US$129,000 for the year ended 31 December 2015.

Gross profit has increased from approximately US$330,000 in year 2014 to approximately US$457,000 in year 2015, increased by 39% which was arisen from the increase of revenue from both CMMB Business and Trading Business.

Administrative expenses for the year ended 31 December 2015 increased by 72% to approximately US$1,973,000 as compared to that of approximately US$1,150,000 for the year ended 31 December 2014 which was mainly due to the increase in staff costs and office rent.

Market development and promotion expenses increased by 16 times to approximately US$6,274,000 (2014: US$392,000) which is mainly due to the increase in consultancy services fees for business development and travelling expenses for attending business conferences and meetings.

Other expenses for the year ended 31 December 2015 amounted to approximately US$701,000 (2014: US$1,277,000) which mainly represents legal and professional fees of US$544,000 (2014: US$510,000) for the placement of new shares and other potential investment and acquisitions and share-based payment expense of nil (2014: US$601,000).

Elimination upon redemption of convertible notes for the year ended 31 December 2015 amounted to approximately US$1,278,000.

The goodwill amounted to approximately US$11,188,000 represented the difference between the fair value of cash paid and convertible notes issued and the fair value of net assets acquired upon the acquisition of Chi Vision USA Corporation ("Chi Vision USA"). The Company entered the Agreements with Chi Capital in May and October 2014, respectively for a total consideration of US$77,480,000 which was satisfied by (i) cash payment of US$34,180,000; (ii) issuance of convertible notes at the initial conversion price of HK$0.1 each with a principal amount of US$38,000,000; and (iii) issuance of convertible notes at the initial conversion price of HK$0.473 each with a principal amount of US$5,300,000. In determining the amount of the consideration, the

[1] In 2015, the revenue from Trading Business is recognized when the related procurement and distribution of goods are completed. The revenue is recognized on invoice amount as it has exposure to the significant risks and rewards associated with the sale of goods. In 2014, the revenue from Trading Business in recognized as agency income, i.e. invoice amount, net of cost of goods sold. As the Company has proved it has exposure to the significant risk and rewards of goods associated with the sales of goods, accordingly the relevant revenue in 2014 has been reclassified to conform to the current year's presentation.

Company has taken into account of (i) carrying value of the TV spectrum user rights currently owned by the Group; (ii) the range of prices of TV spectrum per MHz per population covered among the purchases and sales of comparable TV spectrum licences and air-wave in the US market as selected by the independent valuer which took place during the period from January 2012 to November 2013; and (iii) the additional value created by having a network of the TV stations covering the population in seven top key US cities. The acquisition was subsequently completed in July 2015. The Company has conducted a valuation to measure the fair value of the consideration transferred, the assets acquired and the liabilities assumed at the completion date, i.e. July 2015 for the consolidation of Chi Vision USA into the Group's financial statements. The management of the Group determined an impairment of the goodwill as the recoverable amount is lower than its carrying amount of the cash generating units arising from the acquisition of Chi Vision USA. Hence, an impairment on goodwill is recognised immediately. The impairment of goodwill is arising from the change of business environment, such as (i) the Federal Communications Commission of the United States has made a number of significant changes in the auction process which potentially delay certain compatible TV spectrum from bidding auction and reduce the marketability of the TV spectrum; and (ii) gradually change from analog to digital broadcasts which involve new capital expenditures for the transition from analog to digital broadcasting.

Finance costs of the Group for the year ended 31 December 2015 amounted to approximately US$1,697,000 (2014: US$866,000) which was mainly the effective interest expense on convertible notes.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group increased to approximately US$129,485,000 as at 31 December 2015 as compared with US$64,493,000 in 2014 which was mainly derived from the proceeds from share placing and issue of convertible notes during the year ended 31 December 2015. Current assets amounted to approximately US$14,238,000 (2014: US$11,764,000) comprising bank balances and cash of approximately US$10,412,000 (2014: US$10,137,000), trade and other receivables of approximately US$2,495,000 (2014: US$1,628,000) and amount due from a related company of approximately US$1,331,000 (2014: Nil). Current liabilities amounted to approximately US$1,601,000 (2014: US$9,261,000) representing trade and other payables of approximately US$1,566,000 (2014: US$2,068,000), tax payable of US$35,000 (2014: US$28,000), amount due to a related company of nil (2014: US$687,000) and convertible notes of nil (2014: US$6,478,000).

As at 31 December 2015, the Group's current ratio was 8.9 (2014: 1.3) and the gearing ratio (a ratio of total loans to total assets) was 12.4% (2014: 8.8%). Other than convertible notes, the Group did not have any bank borrowings as at 31 December 2015 (2014: Nil).

During the year ended 31 December 2015, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 1,732,690,387 new shares of the Company for an aggregate consideration of approximately HK$336,924,000 (equivalent to approximately US$43,473,000). The Company also issued 750,000,000 conversion shares pursuant to the conversion of Convertible Notes due 2021 for an aggregate consideration of approximately HK$75,000,000 (equivalent to approximately US$9,665,000). The proceeds were used to provide general working capital for operation and business development of the Group.

FOREIGN CURRENCY EXCHANGE RISK

Most of the Group's assets, liabilities and transactions are denominated in US$. The Group did not make any other hedging arrangement in the two years ended 31 December 2015.

SEGMENT INFORMATION

As at 31 December 2015, details of segment information of the Group is set out in note 8 to the consolidated financial statements in this annual report.

EMPLOYEE BENEFITS

The average number of employees of the Group for the year ended 31 December 2015 was approximately 40 (2014: 20). The Group's staff costs (including Directors' fees and emoluments) for the year ended 31 December 2015 amounted to approximately US$1,181,000 (2014: US$871,000). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the year, the Company did not grant any share options to the Directors, employees and consultants who are engaged to provide investment advisory services for the business development to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

Save as disclosed in note 9 to the consolidated financial statements, the Group has completed the acquisition of the 79% equity interest in Chi Vision USA Corporation which 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 on 22 July 2015, the Group did not have any other material acquisition or disposals of subsidiaries and associated companies for the year ended 31 December 2015.

CHARGE ON ASSETS

As at 31 December 2015, neither the Group nor the Company has pledged its assets to secure its borrowings (2014: Nil).

CONTINGENT LIABILITIES

As at 31 December 2015, the Group has provided a guarantee for an aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by its equity investment in Taiwan (2014: Nil).

Management discussion and analysis of the Group for the year ended 31 December 2014.

FINANCIAL REVIEW

For the financial year ended 31 December 2014, the Group recorded loss for the year of approximately US$2,206,000, which includes loss for the year attributable to owners of the Company and non-controlling interests amounted to approximately US$1,978,000 and US$228,000 respectively. Loss per share was approximately US0.09 cents (2013: earnings per share of US0.02 cents) and net assets per share of the Group was approximately US1.43 cents (2013: US1.95 cents).

During the year ended 31 December 2014, the Group engaged in provision of CMMB and agency services with revenue of approximately US$912,000 (2013: US$714,000). The increase in revenue of approximately US$198,000 or 28% was solely contributed by the provision of agency services from trading business.

Cost of sales mainly includes staff costs, operating lease payments and amortisation of intangible assets. The decrease in cost of sales of approximately US$70,000 or 11% was due to the reduction of amortisation of intangible assets of approximately US$306,000 and increase in staff costs for the year ended 31 December 2014.

Gross profits has further improved from approximately US$61,000 in year 2013 to approximately US$330,000 in year 2014, increased by 440% which was arisen from the change of gross loss in 2013 to gross profit in 2014 for the trading business.

Administrative expenses for the year ended 31 December 2014 increased by approximately 47% to approximately US$1,541,000 as compared to that of approximately US$1,051,000 for the year ended 31 December 2013 which was mainly due to the increase in staff costs and travelling expenses.

Other expenses for the year ended 31 December 2014 represents the share-based payment expenses to consultants amounted to approximately US$601,000 (2013: Nil) and legal and professional fees amounted to approximately US$648,000 (2013: US$903,000).

Gain from change in fair value of derivative components of convertible notes for the year ended 31 December 2014 amounted to approximately US$1,236,000 (2013: US$2,517,000) which was determined based on the fair value of its conversion option using a binominal model.

Finance costs of the Group for the year ended 31 December 2014 amounted to approximately US$866,000 (2013: US$819,000) which was mainly the effective interest expense on convertible notes.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group increased to approximately US$64,493,000 as at 31 December 2014 as compared with US$27,493,000 in 2013 which was mainly derived from the proceeds from share placing, right issues and exercise of share options during the year ended 31 December 2014. Current assets amounted to approximately US$11,764,000 (2013: US$2,271,000) comprising bank balances and cash of approximately US$10,137,000 (2013: US$877,000) and trade and other receivables of approximately US$1,628,000 (2013: US$1,394,000). Current liabilities amounted to approximately

US$9,261,000 (2013: US$2,122,000) representing trade and other payables of approximately US$2,068,000 (2013: US$2,122,000), amount due to a related company of approximately US$687,000 (2013: Nil), tax payable of US$28,310 (2013: Nil) and convertible notes of approximately US$6,478,000 (2013: US$6,849,000 under non-current liabilities) which will be matured in September 2015 and therefore reclassified as current liabilities.

As at 31 December 2014, the Group's current ratio was 1.3 (2013: 1.1) and the gearing ratio (a ratio of total loans to total assets) was 10% (2013: 20%). Other than convertible notes, the Group did not have any bank and other borrowings as at 31 December 2014 (2013: Nil).

During the year ended 31 December 2014, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 61,035,149 new shares of the Company for an aggregate consideration of approximately HK$15,869,000 (equivalent to approximately US$2,048,000). The proceeds were used to provide additional working capital of the Group. In addition, the Company completed the right issue in the proportion of two right shares for every one new existing share of the Company at the subscription price of HK$0.15 per right share and bonus issue of one bonus share for every 2 right shares taken under the right issue, pursuant to which the Company issued 1,842,421,788 new shares under right issue and 921,210,894 new shares under bonus issue. The proceeds from right issue is used to finance the acquisition of spectrum networks in the United States, the Group's deployment of mobile digital network, the research and development in mobile multimedia technologies and the Group's working capital and general corporate purposes.

FOREIGN CURRENCY EXCHANGE RISK

Most of the Group's assets, liabilities and transactions are denominated in US$. The Group did not make any other hedging arrangement in the year ended 31 December 2014.

SEGMENT INFORMATION

As at 31 December 2014, details of segment information of the Group is set out in note 8 to the consolidated financial statements in this annual report.

EMPLOYEE BENEFITS

The average number of employees of the Group for the year ended 31 December 2014 was approximately 20 (2013: 20). The Group's staff costs (including Directors' fees and emoluments) for the year ended 31 December 2014 amounted to approximately US$871,000 (2013: US$237,000). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the year, the Company granted 76,767,574 share options at the exercise price of HK$0.137 per option share under the share option scheme of the Company adopted on 5 July 2005 to the consultants who are engaged to provide investment advisory services for the business development to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

For the year ended 31 December 2014, the Group did not have any material acquisition or disposals of subsidiaries and associated companies.

CHARGE ON ASSETS

As at 31 December 2014, neither the Group nor the Company has pledged its assets to secure its borrowings (2013: Nil).

CONTINGENT LIABILITIES

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

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Certified Public Accountants

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31 March 2017
The Directors
CMMB Vision Holdings Limited

Dear Sirs,

We set out below our report on the financial information of Silkwave Holdings Limited ("Silkwave") and its subsidiaries (hereafter collectively the referred to as "Silkwave Group") comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 19 April 2016 (date of incorporation) to 30 September 2016 (the "Relevant Period"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the circular issued by CMMB Vision Holdings Limited (the "Company") dated 31 March 2017 (the "Circular") in connection with the proposed acquisition of 20% equity interest of Silkwave .

Silkwave is a private limited company incorporated in the Cayman Islands on 19 April 2016. The principal activity of Silkwave is investment holding.

During the Relevant Period and at the date of this report, Silkwave has direct interests in the following subsidiaries:

Company name	Place and date of incorporation	Issued and fully paid share capital	Proportion of nominal value of issued share capital held: At 30 September 2016	Proportion of nominal value of issued share capital held: At the date of this report	Principal activities
			%	%	
Silkwave Holdings LLC	USA	1	100	100	Investment Holding
Silkwave-1 LLC	USA	1	100	100	Investment Holding

As of the date of this report, no statutory financial statements have been prepared for Silkwave and its subsidiaries as they are not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

For the purpose of this report, the sole director of Silkwave have prepared the financial statements of Silkwave for the Relevant Period (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with the IFRSs issued by the IASB, the disclosure provisions of the Hong Kong Companies Ordinance and the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the purpose of this report, we have carried out audit procedures in respect of the Financial Information in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Silkwave Group as at 30 September 2016, and of the financial performance and cash flows of Silkwave Group for the Relevant Period.

(A) FINANCIAL INFORMATION OF SILKWAVE GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 19 APRIL 2016 (DATE OF INCORPORATION) TO 30 SEPTEMBER 2016

	NOTES	*US$*
Revenue		—
Administrative expenses		—
Profit before taxation	5	—
Income tax expense	6	—
Profit and total comprehensive income for the period		—

CONSOLIDATED STATEMENT OF FINANCIAL POSITSION AS AT 30 SEPTEMBER 2016

	NOTES	*US$*
Current asset		
Amount due from a holding company	8	1,000
Net current asset		1,000
Capital and reserve		
Share capital	9	1,000
Total equity		1,000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 19 APRIL 2016 (DATE OF INCORPORATION) TO 30 SEPTEMBER 2016

	Share capital	Retained earnings	Total
	US$	*US$*	*US$*
Issue of share on 19 April 2016 (date of incorporation)	1	—	1
Issue of shares on 24 August 2016	999	—	999
Profit and total comprehensive income for the period	—	—	—
At 30 September 2016	1,000	—	1,000

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 19 APRIL 2016 (DATE OF INCORPORATION) TO 30 SEPTEMBER 2016

	US$
OPERATING ACTIVITIES	
Profit before taxation and operating cash flows before movements in working capital	—
Increase in amount due from a holding company	(1,000)
NET CASH USED IN OPERATING ACTIVITIES	(1,000)
FINANCING ACTIVITIES	
Proceeds from issue of share capital	1,000
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	—
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	—
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Bank balances and cash	—

NOTES TO FINANCIAL INFORMATION

1. GENERAL

Silkwave is a private limited company incorporated in the Cayman Islands. The principal activity of Silkwave is investment holding. Its holding company is Chi Capital Holdings Ltd, a company incorporated in the British Virgin Islands with limited liability.

The Financial Information is presented in United States Dollars which is also the functional currency of Silkwave.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Application of new and revised IFRSs

For the purpose of preparing and presenting the Financial Information for the Relevant Period, Silkwave Group has consistently applied all IFRSs issued by the IASB that are effective for annual accounting period beginning on 19 April 2016, throughout the Relevant Period.

Silkwave Group has not early applied the following new or revised IFRSs that have been issued by the IASB which are not yet effective at the date of this report:

IFRS 9	Financial instruments[2]
IFRS 15	Revenue from contracts with customers[2]
IFRS 16	Leases[3]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from contracts with customers[2]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to IAS 7	Disclosure initiative[1]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[2]

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

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 The original effective date has been deferred to a date to be determined

IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The sole director of Silkwave Group anticipates that the application of IFRS 9 in the future may have an impact on Silkwave Group's Financial Information; however, it is not practicable to provide a reasonable estimate of the effect until Silkwave Group performs a detailed review.

IFRS 16 - Leases

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees — leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from the current accounting treatment under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The sole director of Silkwave Group anticipates that the application of IFRS 16 in the future may have an impact on Silkwave Group's Financial Information; however, it is not practicable to provide a reasonable estimate of the effect until Silkwave Group performs a detailed review.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The sole director of Silkwave Group anticipates that the application of IFRS 15 in the future may have an impact on Silkwave Group's Financial Information; however, it is not practicable to provide a reasonable estimate of the effect until Silkwave Group performs a detailed review.

Except for above, the sole director of Silkwave Group anticipates that the application of these new and revised IFRSs will have no material impact on the Financial Information of Silkwave Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the accounting policies which conform with IFRSs issued by the IASB. The Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Silkwave Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

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

When Silkwave Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Silkwave Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by Silkwave Group, liabilities incurred by Silkwave Group to the former owners of the acquiree and the equity interests issued by Silkwave Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of Silkwave Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value if the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by Silkwave Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that exist at the acquisition date.

The subsequent accounting for the changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, Silkwave Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from the interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Silkwave Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Financial assets

Silkwave Group's financial assets comprise financial assets classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment could include Silkwave Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and the items that are never taxable or deductible. Silkwave Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

Current and deferred tax is recognised in profit or loss.

Related parties

A party is considered to be related to the Silkwave Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of Silkwave Group;

(ii) has significant influence over Silkwave Group; or

(iii) is a member of the key management personnel of Silkwave Group or of a parent of Silkwave Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and Silkwave Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and Silkwave Group are joint ventures of the same third party;

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either Silkwave Group or an entity related to Silkwave Group;

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

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

(viii) The entity, or any member of a group of which is a part, provides key management personnel services to Silkwave Group or to the parent of Silkwave Group.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Silkwave Group did not use any critical accounting estimates and judgements in the preparation of the financial statements. Estimates and judgements, if used, are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	From 19 April 2016 (date of incorporation) to 30 September 2016 *US$*
Auditor's remuneration	—

6. INCOME TAX EXPENSE

No provision for any profits tax has been made in the consolidated financial statements as Silkwave Group had no assessable profits for the Relevant Period.

No deferred tax has been provided in the consolidated financial statements as there is no material temporary difference.

7. BENEFITS AND INTERESTS OF DIRECTORS

(a) Director's emoluments

Details of emoluments paid or payable to the sole director of Silkwave Group for his services in connection with the management of the affairs of Silkwave Group during the Relevant Periods are as follows:

	From 19 April 2016 (date of incorporation) to 30 September 2016 *US$*
Director's remuneration — fees:	
Wong Chau Chi	—
	—

The emoluments stated above were mainly for his services in connection with the management of the affairs of Silkwave Group.

The director's emoluments are determined with their duties and responsibilities with Silkwave Group, Silkwave Group's current standards for emoluments and the market conditions.

During the Relevant Period, no remuneration was paid by Silkwave Group to the directors as an inducement to join or upon joining Silkwave Group or as compensation for loss of office. The directors of Silkwave Group have not waived any remuneration during the Relevant Period.

(b) **Director's material interests, transactions, arrangements or contracts**

There were no transactions, arrangements and contracts to which Silkwave Group was a party and in which a director of Silkwave Group had a material interest, whether directly or indirectly, subsisted at the end of the Relevant Period or at any time during the Relevant Period.

(c) **Loans, quasi-loans and other dealings in favour of director**

There were no loans, quasi-loans and other dealings in favour of director of Silkwave Group or body corporate controlled by such director, or entities connected with such director, subsisted at the end of the Relevant Period or at any time during the Relevant Period.

8. AMOUNT DUE FROM A HOLDING COMPANY

The amount due from a holding company is unsecured, non-interest bearing and repayable on demand. The carrying amount approximates to the fair value.

9. SHARE CAPITAL

	From 19 April 2016 (date of incorporation) to 30 September 2016	
	No. of shares	*US$*
Issued and fully paid:		
ordinary share of US$0.1 each		
Issue of share on incorporation (note i)	1	1
Allotment (note ii)	9,999	999
Balance at 30 September 2016	10,000	1,000

i) Silkwave was incorporated on 19 April 2016. On incorporation, 1 ordinary share was issued to the subscriber for US$1.

ii) On 24 August 2016, a further 9,999 ordinary shares were issued for US$999. The new shares rank pari-passu in all respects with the existing shares.

10. DIVIDEND

The sole director does not recommend payment of a dividend for the Relevant Period.

11. STATEMENT OF FINANCIAL POSITION OF SILKWAVE AS AT 30 SEPTEMBER 2016

	US$
ASSETS AND LIABILITY	
Non-current asset	
Investment in a subsidiary	1
Current asset	
Amount due from a holding company	1,000
Current liability	
Amount due to a subsidiary	1
Net current assets	999
Net assets	1,000
EQUITY	
Share Capital	1,000

12. RESERVE OF SILKWAVE

	Share capital	**Retained earnings**	**Total**
	US$	*US$*	*US$*
Issue of share capital at 19 April 2016 (date of incorporation)	1	—	1
Share allotment	999	—	999
Profit and total comprehensive income for the period	—	—	—
At 30 September 2016	1,000	—	1,000

13. CAPITAL RISK MANAGEMENT

Silkwave Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Silkwave Group's overall strategy remained unchanged during the Relevant Period.

Capital of Silkwave Group comprises of share capital stated on the consolidated statement of financial position. Its operating capital is mainly sourced from its holding company. In addition, its holding company has consented to provide financial support to Silkwave Group. Silkwave Group is therefore not subject to either internally or externally imposed capital requirements.

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

14. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

Silkwave Group does not have written risk management policies and guidelines. However, the sole director analyses and formulate measures periodically to manage Silkwave Group's exposure to credit risk and market risk, including principally changes in fair value of financial instruments.

The most significant financial risks to which the Company is exposed are described below.

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to Silkwave Group. Silkwave Group's credit risk is solely attributable to amount due from a holding company. Silkwave Group's exposures to these credit risks are monitored on an ongoing basis. None of Silkwave Group's financial assets are secured by collateral or other credit enhancements.

(b) Fair value

The fair values of Silkwave Group's financial assets are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Silkwave Group have been prepared in respect of any period subsequent to 30 September 2016 and up to the date of this report.

Yours faithfully,

HLM CPA Limited
Certified Public Accountants
Chan Lap Chi
Practising Certificate number: P04084
Hong Kong, 31 March 2017

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

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31 March 2017
The Directors
CMMB Vision Holdings Limited

Dear Sirs,

We set out below our report on the financial information of ASIASPACE PTY LIMITED ("ASIASPACE") comprising the statement of profit or loss and other comprehensive income, the statement of financial position, statement of changes in equity and statement of cash flows for the years ended 31 December 2013, 2014 and 2015 and the nine months ended 30 September 2016 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the circular issued by CMMB Vision Holdings Limited (the "Company") dated 31 March 2017 (the "Circular") in connection with the acquisition of 20% equity interest of ASIASPACE.

ASIASPACE is a private limited company incorporated in Australia. The principal activities of ASIASPACE are the provision of digital broadcast of audio and multimedia programs directly via satellites to portable receivers.

As of the date of this report, no statutory financial statements have been prepared for ASIASPACE as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

For the purpose of this report, the directors of ASIASPACE have prepared the financial statements of ASIASPACE for the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with the IFRSs issued by the IASB, the disclosure provisions of the Hong Kong Companies Ordinance and the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the purpose of this report, we have carried out audit procedures in respect of the Financial Information in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of ASIASPACE as at 31 December 2013, 2014 and 2015 and 30 September 2016, and of the financial performance and cash flows of ASIASPACE for each of the Relevant Periods.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the Financial Information, which states that ASIASPACE's current liabilities exceeded its current assets by AUS$9,218,390, AUS$10,077,038 , AUS$11,134,819 and AUS$10,573,781 as at 31 December 2013, 2014, 2015 and 30 September 2016 respectively. These conditions, along with other matters as set forth in note 2 to the Financial Information, indicates the existence of a material uncertainty that may cast significant doubt about ASIASPACE's ability to continue as a going concern if it does not have the financial support of its shareholders.

COMPARATIVE FINANCIAL INFORMATION

The directors of the Company are also responsible for the preparation and presentation of the comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of ASIASPACE for the nine months ended 30 September 2015 (the "Comparative Financial Information") in accordance with the same basis in respect of the Financial Information.

We have reviewed the Comparative Financial Information of ASIASPACE in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

A review consists principally of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

Based on our review, which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

(A) FINANCIAL INFORMATION OF ASIASPACE PTY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Years ended 31 December			Nine months ended 30 September	
	NOTES	**2013**	**2014**	**2015**	**2015**	**2016**
		AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
					(unaudited)	
Revenue	7	2,355,495	737,071	879,131	689,017	591,204
Other income	7	95,386	88,417	—	—	493,566
		2,450,881	825,488	879,131	689,017	1,084,770
Administrative expenses		(2,228,074)	(1,658,390)	(1,948,066)	(2,265,501)	(537,457)
Profit (loss) before taxation	9	222,807	(832,902)	(1,068,935)	(1,576,484)	547,313
Income tax expense	10	(102,089)	—	—	—	—
Profit (loss) and total comprehensive income (expense) for the year/period		120,718	(832,902)	(1,068,935)	(1,576,484)	547,313

STATEMENT OF FINANCIAL POSITION

					Nine months ended
		Years ended 31 December			**30 September**
	NOTES	**2013**	**2014**	**2015**	**2016**
		AUS$	*AUS$*	*AUS$*	*AUS$*
Non-current assets					
Property, plant and equipment	13	18,462	44,208	33,054	19,329
Current assets					
Trade receivables	14	—	2,698	24,380	56,902
Other receivables and deposits	15	45,457	37,579	37,579	37,579
Bank balances and cash	16	12,896	88,439	5,203	62,914
		58,353	128,716	67,162	157,395
Current liabilities					
Accrued expenses and other payables	17	791,004	306,096	211,524	301,025
Tax payable		67,155	95,106	95,106	37,500
Amount due to an immediate holding company	18	8,418,584	9,804,552	10,895,351	10,392,651
		9,276,743	10,205,754	11,201,981	10,731,176
Net current liabilities		(9,218,390)	(10,077,038)	(11,134,819)	(10,573,781)
Net liabilities		(9,199,928)	(10,032,830)	(11,101,765)	(10,554,452)
Capital and reserves					
Share capital	19	5	5	5	5
Accumulated losses		(9,199,933)	(10,032,835)	(11,101,770)	(10,554,457)
Total equity		(9,199,928)	(10,032,830)	(11,101,765)	(10,554,452)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	AUS$	*AUS$*	*AUS$*
At 1 January 2013	5	(9,320,651)	(9,320,646)
Profit and total comprehensive income for the year	—	120,718	120,718
At 31 December 2013	5	(9,199,933)	(9,199,928)
Loss and total comprehensive expense for the year	—	(832,902)	(832,902)
At 31 December 2014	5	(10,032,835)	(10,032,830)
Loss and total comprehensive expense for the year	—	(1,068,935)	(1,068,935)
At 31 December 2015	5	(11,101,770)	(11,101,765)
Loss and total comprehensive income for the period	—	547,313	547,313
At 30 September 2016	5	(10,554,457)	(10,554,452)
At 1 January 2015	5	(10,032,835)	(10,032,830)
Loss and total comprehensive expense for the period	—	(1,576,484)	(1,576,484)
At 30 September 2015 (unaudited)	5	(11,609,319)	(11,609,314)

STATEMENT OF CASH FLOWS

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation	222,807	(832,902)	(1,068,935)	(1,576,484)	547,313
Adjustments for:					
Depreciation of property, plant and equipment	16,987	6,569	14,038	11,840	14,844
Written off of other payables	—	(51,264)	—	—	—
Operating cash flows before movements in working capital	239,794	(877,597)	(1,054,897)	(1,564,644)	562,157
Increase in trade receivables	—	(2,698)	(21,682)	(22,078)	(32,522)
Decrease in other receivables and deposits	152,441	7,878	—	—	—
(Decrease) increase in amount due to an immediate holding company	(273,650)	1,385,968	1,090,799	1,610,101	(502,700)
(Decrease) increase in accrued expenses and other payables	(133,021)	(433,644)	(94,572)	(106,594)	89,501
Cash (used in) generated from operations	(14,436)	79,907	(80,352)	(83,215)	116,436
Tax refunded/(paid)	—	27,951	—	—	(57,606)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(14,436)	107,858	(80,352)	(83,215)	58,830
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(4,957)	(32,315)	(2,884)	(1,662)	(1,119)
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(4,957)	(32,315)	(2,884)	(1,662)	(1,119)

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(19,393)	75,543	(83,236)	(84,877)	57,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	32,289	12,896	88,439	88,439	5,203
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	12,896	88,439	5,203	3,562	62,914
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank balances and cash	12,896	88,439	5,203	3,562	62,914

NOTES TO FINANCIAL INFORMATION

1. GENERAL

ASIASPACE is engaged in the provision of digital broadcast of audio and multimedia programs directly via satellites to portable receivers. Its immediate holding company is New York Satellite Holdings LLC and its ultimate shareholders are New York Broadband LLC and Chi Capital Holdings Ltd.

The Financial Information is presented in Australian Dollars, which is also the functional currency of ASIASPACE.

2. BASIS OF PREPARATION

In preparing the financial statements, the directors of ASIASPACE have given careful consideration to the future liquidity of ASIASPACE in light of the fact that ASIASPACE's current liabilities exceed its current assets by AUS$9,218,390, AUS$10,077,038, AUS$11,134,819 and AUS$10,573,781 as at 31 December 2013, 2014, 2015 and 30 September 2016 respectively. ASIASPACE's current liabilities as at 31 December 2013, 2014, 2015 and 30 September 2016 included an amount due to immediate holding company of approximately AUS$8,418,584, AUS$9,804,552, AUS$10,895,351 and AUS$10,392,651 respectively that are repayable on demand. As the immediate holding company has agreed not to demand for repayment of its debt and Chi Capital has committed to provide adequate funds to enable ASIASPACE to meet in full its financial obligations as they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Application of new and revised IFRSs

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, ASIASPACE has consistently applied all IFRSs issued by the IASB that are effective for annual accounting period beginning on 1 January 2016, throughout the Relevant Periods.

ASIASPACE has not early applied the following new or revised IFRSs that have been issued by the IASB which are not yet effective at the date of this report:

IFRS 9	Financial instruments[2]
IFRS 15	Revenue from contracts with customers[2]
IFRS 16	Leases[3]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from contracts with customers[2]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to IAS 7	Disclosure initiative[1]

Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[2]

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

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 The original effective date has been deferred to a date to be determined

IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The directors of ASIASPACE anticipate that the application of IFRS 9 in the future may have an impact on ASIASPACE's Financial Information; however, it is not practicable to provide a reasonable estimate of the effect until ASIASPACE performs a detailed review.

IFRS 16 - Leases

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees — leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from the current accounting treatment under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The directors of ASIASPACE anticipate that the application of IFRS 16 in the future may have an impact on ASIASPACE's Financial Information; however, it is not practicable to provide a reasonable estimate of the effect until ASIASPACE performs a detailed review.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of ASIASPACE anticipate that the application of IFRS 15 in the future may have an impact on ASIASPACE's Financial Information; however, it is not practicable to provide a reasonable estimate of the effect until ASIASPACE performs a detailed review.

Except for above, the directors of ASIASPACE anticipate that the application of these new and revised IFRSs will have no material impact on the Financial Information of ASIASPACE.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the accounting policies which conform with IFRSs issued by the IASB. The Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, ASIASPACE takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis.

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

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

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

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

The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in normal course of business.

Revenue is recognised on the following basis:

- Management income, internet connection income and consulting income is recognised when services are rendered.

Property, plant and equipment

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

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

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

Impairment of non-financial assets

At the end of the reporting period, ASIASPACE reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when ASIASPACE becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

ASIASPACE's financial assets comprise financial assets classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment could include ASIASPACE's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

Financial liabilities

Financial liabilities (representing amount due to immediate holding company and other payables) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

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

On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the sum of the consideration received and receivable is recognised in profit or loss.

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

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and the items that are never taxable or deductible. ASIASPACE's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

Current and deferred tax is recognised in profit or loss.

Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

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

Retirement benefits costs

Payments to the Australia's Superannuation Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Related parties

A party is considered to be related to ASIASPACE if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of ASIASPACE;

(ii) has significant influence over ASIASPACE; or

(iii) is a member of the key management personnel of ASIASPACE or of a parent of ASIASPACE; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and ASIASPACE are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and ASIASPACE are joint ventures of the same third party;

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

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

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

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

(viii) the entity, or any member of a group of which is a part, provides key management personnel services to ASIASPACE, or to the parent of ASIASPACE.

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

5. KEY SOURCE OF ESTIMATION UNCERTAINTY

In application of ASIASPACE's accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimated impairment on trade receivables

When there is objective evidence of impairment loss, ASIASPACE takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2014, 31 December 2015 and 30 September 2016, the carrying amount of trade receivable was AUS$2,698, AUS$24,380 and AUS$56,902 respectively. No impairment was provided during the Relevant Periods.

6. SEGMENT INFORMATION

No segment information identified by the chief operating decision maker ("CODM") has been aggregated in arriving at the Financial Information of ASIASPACE as the operating results of ASIASPACE are reviewed as one segment, which consists of the result of digital broadcasting by the CODM. ASIASPACE's revenue from customers solely arises from its operations in Australia.

7. REVENUE AND OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2013	2014	2015	2015	2016
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Revenue					
Management fee revenue	2,344,616	726,323	859,421	679,162	561,639
Internet connection revenue	10,879	10,748	—	—	—
Consulting revenue	—	—	19,710	9,855	29,565
	2,355,495	737,071	879,131	689,017	591,204
Other income					
Interest income	—	35,395	—	—	—
Net exchange gain	—	—	—	—	493,566
Sundry income	95,386	53,022	—	—	—
	95,386	88,417	—	—	493,566
Total revenue and other income	2,450,881	825,488	879,131	689,017	1,084,770

8. STAFF COSTS

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Salaries and other benefits	376,200	393,123	401,033	301,983	297,150
Contributions to retirement benefits plan	34,328	36,876	37,528	28,118	28,229
	410,528	429,999	438,561	330,101	325,379

9. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Auditor's remuneration	—	—	—	—	—
Depreciation	16,987	6,569	14,038	11,840	14,844
Net exchange (gain) loss	1,389,241	907,946	1,148,856	1,639,052	(493,566)
Written off of other payables	—	(51,264)	—	—	—

10. INCOME TAX EXPENSE

The amount of tax charged to the statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Current tax					
- Australian income tax	102,089	—	—	—	—

Australian income tax is calculated at 30% of the estimated assessable profit for the Relevant Periods.

The taxation for the year/period can be reconciled to the profit before taxation per the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Profit (loss) before taxation	222,807	(832,902)	(1,068,935)	(1,576,484)	547,313
Taxation at domestic income tax rate of 30%	66,842	(249,871)	(320,681)	(472,945)	164,194
Tax effect of income not taxable for tax purposes	—	(247,646)	(263,739)	(206,705)	(325,431)
Tax effect of expenses not deductible for tax purposes	351,025	497,517	584,420	679,650	161,237
Tax effect of deductible temporary differences not recognised	977	—	—	—	—
Utilisation of tax losses previously not recognised	(316,755)	—	—	—	—
Taxation for the year/period	102,089	—	—	—	—

11. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Details of emoluments paid or payable to the directors of ASIASPACE for their services in connection with the management of the affairs of ASIASPACE during the Relevant Periods are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Directors' remuneration — fees:					
Botha, Denver James	—	—	—	—	16,000
Lemma, Tedros	—	—	—	—	—
Butler, Richard Edmund (deceased on 27 March 2014)	—	—	—	—	—
	—	—	—	—	16,000

The emoluments stated above were mainly for their services in connection with the management of the affairs of ASIASPACE.

The directors' emoluments are determined with their duties and responsibilities with ASIASPACE, ASIASPACE's current standards for emoluments and the market conditions.

During the Relevant Periods, no remuneration was paid by ASIASPACE to the directors as an inducement to join or upon joining ASIASPACE or as compensation for loss of office. The directors of ASIASPACE have not waived any remuneration during the Relevant Periods.

(b) Directors' material interests, transactions, arrangements or contracts

There were no transactions, arrangements and contracts to which ASIASPACE was a party and in which a director of ASIASPACE had a material interest, whether directly or indirectly, subsisted at the end of each of the Relevant Periods or at any time during the Relevant Periods.

(c) Loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans and other dealings in favour of directors of ASIASPACE or body corporate controlled by such directors, or entities connected with such directors, subsisted at the end of each of the Relevant Periods or at any time during the Relevant Periods.

12. HIGHEST PAID INDIVIDUALS

The five highest paid individuals of ASIASPACE include one director during the years ended 31 December 2013, 2014, 2015 and nine months ended 30 September 2016, details of whose emolument are set out in note 11 above. The emoluments of the remaining four individuals for the years ended 31 December 2013, 2014, 2015 and the nine months ended 30 September 2015 and 2016 respectively, are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Salaries and other benefits	376,200	393,123	401,033	301,983	297,150
Contributions to retirement benefit scheme	34,328	36,876	37,528	28,118	28,229
	410,528	429,999	438,561	330,101	325,379

The number of highest paid employees who are not the directors of ASIASPACE whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	No. of employees	*No. of employees*	*No. of employees*	*No. of employees*	*No. of employees*
				(unaudited)	
Nil to AUS$140,000	4	4	4	4	4

During the Relevant Periods, no emoluments were paid by ASIASPACE to the five highest paid individuals as an inducement to join or upon joining ASIASPACE or as a compensation of loss of office.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Machine	Total
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
COST					
At 1 January 2013	2,204,417	163,941	804,443	3,364,031	6,536,832
Additions	—	486	4,471	—	4,957
At 31 December 2013	2,204,417	164,427	808,914	3,364,031	6,541,789
Additions	—	20,582	—	11,733	32,315
At 31 December 2014	2,204,417	185,009	808,914	3,375,764	6,574,104
Additions	—	220	1,004	1,660	2,884
At 31 December 2015	2,204,417	185,229	809,918	3,377,424	6,576,988
Additions	—	381	615	123	1,119
At 30 September 2016	2,204,417	185,610	810,533	3,377,547	6,578,107
DEPRECIATION					
At 1 January 2013	2,204,417	147,337	804,443	3,350,143	6,506,340
Provided for the year	—	11,295	282	5,410	16,987
At 31 December 2013	2,204,417	158,632	804,725	3,355,553	6,523,327
Provided for the year	—	5,243	1,118	208	6,569
At 31 December 2014	2,204,417	163,875	805,843	3,355,761	6,529,896
Provided for the year	—	7,428	1,568	5,042	14,038
At 31 December 2015	2,204,417	171,303	807,411	3,360,803	6,543,934
Provided for the period	—	8,250	1,910	4,684	14,844
At 30 September 2016	2,204,417	179,553	809,321	3,365,487	6,558,778
CARRYING VALUES					
At 31 December 2013	—	5,795	4,189	8,478	18,462
At 31 December 2014	—	21,134	3,071	20,003	44,208
At 31 December 2015	—	13,926	2,507	16,621	33,054
At 30 September 2016	—	6,057	1,212	12,060	19,329

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

Leasehold improvements	11%
Furniture, fixtures and equipment	13-40%
Computer equipment	17-40%
Machine	7-40%

14. TRADE RECEIVABLES

	Year ended 31 December			Nine months ended 30 September
	2013	2014	2015	2016
	AUS$	*AUS$*	*AUS$*	*AUS$*
Trade receivables	—	2,698	24,380	56,902

At the end of each of the Relevant Periods, ASIASPACE reviews receivables for evidence of impairment on both an individual and collective basis. Impairment losses in respect of trade receivables are recorded using an allowance account unless ASIASPACE is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly during the Relevant Periods. No allowance for impairment is provided for the Relevant Periods.

ASIASPACE has a policy of allowing trade customers with credit terms of generally within 90 days. The aging analysis of trade receivables as at the end of each of the Relevant Periods, net of impairment and based on invoice date, is as follows:

	Year ended 31 December			Nine months ended 30 September
	2013	2014	2015	2016
	AUS$	*AUS$*	*AUS$*	*AUS$*
0 to 60 days	—	2,698	10,842	10,842
61 to 90 days	—	—	—	—
Over 90 days	—	—	13,538	46,060
	—	2,698	24,380	56,902

The aging analysis of ASIASPACE's trade receivables which are past due but not impaired is as follows:

	Year ended 31 December			Nine months ended 30 September
	2013	**2014**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*
0 to 30 days	—	—	13,538	46,060

Trade receivables that were past due but not impaired relate to customers that have good track record with ASIASPACE. The directors of ASIASPACE are of the opinion that no allowance for impairment of these trade receivables is necessary as there was no recent history of significant default in respect of these trade debtors. The directors of ASIASPACE consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. ASIASPACE does not hold any collateral over the balances.

Details of ASIASPACE's policy on credit risk are set out in note 22.

15. OTHER RECEIVABLES AND DEPOSITS

	Year ended 31 December			Nine months ended 30 September
	2013	**2014**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*
Other receivables	33,557	25,665	25,665	25,665
Prepayments	—	14	14	14
Deposits	11,900	11,900	11,900	11,900
	45,457	37,579	37,579	37,579

The carrying amount of other receivables and deposits approximates to their fair value and are neither past due nor impaired.

16. BANK BALANCES AND CASH

	Year ended 31 December			Nine months ended 30 September
	2013	2014	2015	2016
	AUS$	*AUS$*	*AUS$*	*AUS$*
Cash at banks and in hand	12,896	88,439	5,203	62,914

The carrying amounts of bank balances and cash are denominated in AUS. Cash at banks earn interest at floating rate based on daily bank deposit rate.

17. ACCRUALS AND OTHER PAYABLES

	Year ended 31 December			Nine months ended 30 September
	2013	2014	2015	2016
	AUS$	*AUS$*	*AUS$*	*AUS$*
Accruals	503,634	143,212	158,870	166,504
Other payables	287,370	162,884	52,654	134,521
	791,004	306,096	211,524	301,025

All amounts are short term and hence the carrying amounts of accruals and the other payable are considered to be a reasonable approximation of fair value.

18. AMOUNT DUE TO AN IMMEDIATE HOLDING COMPANY

The amount is unsecured, non-interest bearing and repayable on demand. The carrying amount approximates to its fair value.

19. SHARE CAPITAL

	Number of shares				Share capital			
	Year ended 31 December			Nine months ended 30 September	Year ended 31 December			Nine months ended 30 September
	2013	2014	2015	2016	2013	2014	2015	2016
					AUS$	*AUS$*	*AUS$*	*AUS$*
Issued and fully paid:								
- Ordinary shares with no par value	5	5	5	5	5	5	5	5

20. DIVIDENDS

The directors do not recommend payment of a dividend for each of the Relevant Periods.

21. CAPITAL RISK MANAGEMENT

ASIASPACE manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. ASIASPACE's overall strategy remained unchanged during the Relevant Periods.

Capital of ASIASPACE comprises of share capital and retained profits stated on the Statement of financial position. Its operating capital is mainly sourced from its immediate holding company which is interest-free and has no fixed terms of repayment. In addition, its immediate holding company has consented to provide financial support to ASIASPACE and will not call for any repayment of the outstanding balances until the financial position of ASIASPACE permits. ASIASPACE is therefore not subject to either internally or externally imposed capital requirements.

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

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

Financial risk management objectives and policies

ASIASPACE's major financial instruments include trade receivables, other receivables, bank balances, other payables and amount due to immediate holding company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

	Assets				Liabilities			
	Year ended 31 December			Nine months ended 30 September	Year ended 31 December			Nine months ended 30 September
	2013	2014	2015	2016	2013	2014	2015	2016
					AUS$	*AUS$*	*AUS$*	*AUS$*
United States dollar	—	—	—	—	8,418,584	9,804,552	10,895,351	10,392,651

ASIASPACE is mainly exposed to the effects of fluctuation in United States Dollar. The following table lists out ASIASPACE's sensitivity to a 5% increase and decrease in Australian Dollar against United States Dollar. The above sensitivity rates are used for reporting foreign currency risk internally to key management personnel and represent Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary assets and liabilities including amount due to immediate holding company.

	Increase/decrease in profit or loss			
	Year ended 31 December			Nine months ended 30 September
	2013	2014	2015	2016
	AUS$	*AUS$*	*AUS$*	*AUS$*
Impact of United States Dollar	420,929	490,228	544,768	519,633

The sensitivity analysis has been determined assuming that the reasonably possible change in foreign exchange rate had occurred at the end of the Relevant Periods and had been applied to ASIASPACE's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rate, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the Relevant Periods until the end of next reporting period with reference to the historical trend of Australia Dollars against United States Dollars. 5% strengthening of Australia Dollars against United States Dollars at the end of each of the Relevant Periods would increase profit or loss by the amount shown above. 5% weakening of Australia Dollars against United States Dollars would have had the equal but opposite effect on profit or loss.

Credit risk

As at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, ASIASPACE's maximum exposure to credit risk which will cause a financial loss to ASIASPACE due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position. The exposure to the credit risk is closely monitored on an ongoing basis by established credit policies. There is no significant credit risk within ASIASPACE.

To mitigate counterparty risk, ASIASPACE places bank balances with a bank of high credit ratings in Australia.

ASIASPACE has no significant concentration of credit risk as relevant exposures are well diversified over a number of counterparties.

As at 31 December 2014, 31 December 2015 and 30 September 2016, ASIASPACE has concentration of credit risk as the total trade receivables was due from two customers. The management is of the view that these trade receivables of ASIASPACE have good track records and considers that the trade receivables from these customers are recoverable. In order to minimise the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances.

Liquidity risk

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

The following tables detail ASIASPACE's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, based on the earliest date on which ASIASPACE can be required to pay.

	Average effective interest rate	**On demand or less than 1 month** *AUS$*	**Total undiscounted cash flows** *AUS$*	**Carrying amount** *AUS$*
31 December 2013				
Financial liabilities				
Accruals	—	791,004	791,004	791,004
Amount due to immediate holding company	—	8,418,584	8,418,584	8,418,584
		9,209,588	9,209,588	9,209,588
31 December 2014				
Financial liabilities				
Accruals	—	306,096	306,096	306,096
Amount due to immediate holding company	—	9,804,552	9,804,552	9,804,552
		10,110,648	10,110,648	10,110,648
31 December 2015				
Financial liabilities				
Accruals	—	211,524	211,524	211,524
Amount due to immediate holding company	—	10,895,351	10,895,351	10,895,351
		11,106,875	11,106,875	11,106,875
30 September 2016				
Financial liabilities				
Accruals	—	301,025	301,025	301,025
Amount due to immediate holding company	—	10,392,651	10,392,651	10,392,651
		10,693,676	10,693,676	10,693,676

Fair value

The fair value of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of ASIASPACE consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values, as at 31 December 2013, 2014 and 2015 and 30 September 2016.

23. OPERATING LEASE COMMITMENTS

As at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As at 31 December			As at 30 September
	2013	**2014**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*
Within one year	10,816	26,564	27,626	18,717
In the second to fifth years inclusive	—	39,325	11,699	—
	10,816	65,889	39,325	18,717

At 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, ASIASPACE had entered into operating lease commitments amounting to AUS$25,542, AUS$25,958, AUS$26,564 and AUS$20,608 respectively in respect of operating leases whose inception occurs after the year/period end.

Operating lease payments represent rentals and expenses payable by ASIASPACE for its office properties. Leases are negotiated for a term of three years and rentals are increased by 4% annually.

24. RELATED PARTY TRANSACTIONS

The balances with related parties are set out in the statement of financial position and in the respective notes to the Financial Information.

During the Relevant Periods, ASIASPACE entered into the following transactions with related party:

	Year ended 31 December			Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	AUS$	*AUS$*	*AUS$*	*AUS$*	*AUS$*
				(unaudited)	
Management fee received from immediate holding company	2,344,616	726,323	859,421	679,162	561,639

Compensation of key management personnel

Key management personnel of ASIASPACE are the directors of ASIASPACE. The remuneration of directors is shown in note 11 to the Financial Information.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of ASIASPACE have been prepared in respect of any period subsequent to 30 September 2016 and up to the date of this report.

Yours faithfully,

HLM CPA Limited
Certified Public Accountants
Chan Lap Chi
Practising Certificate number: P04084
Hong Kong, 31 March 2017

MANAGEMENT DISCUSSION AND ANALYSES OF THE RESULTS OF ASIASPACE

Set out below is the management discussion and analysis on ASIASPACE for the year ended 31 December 2013, 2014 and 2015 and the nine months ended 30 September 2016.

The principal activity of ASIASPACE is the provision of digital broadcasting of audio and multimedia programs directly from satellite to portable receivers.

ASIASPACE recorded profit of approximately AUS$121,000 and AUS$547,000 for the year ended 31 December 2013 and nine months ended 30 September 2016, respectively; and loss of approximately AUS$833,000, AUS$1,069,000 and AUS$1,576,000 for the year ended 31 December 2014 and 2015 and the nine months ended 30 September 2015, respectively.

The revenue of ASIASPACE are mainly management fee income from shareholder and internet connection income and consulting services income from customers. The management fee income from shareholder amounted to approximately AUS$2,345,000, AUS$726,000, AUS$859,000, AUS$679,000 and AUS$562,000 for the year ended 31 December 2013, 2014, 2015 and 30 September 2015 and 2016 respectively, is recognized based on the operating costs of ASIASPACE plus 10% margin. The decrease in management fee income by approximately AUS$1,619,000 or 69% in 2014 was due to the exclusion of foreign exchange loss from the operating costs for the calculation of management fee income since 2014 as it is considered such foreign exchange loss is unrealized expenses and not directly relevant to the broadcasting operation. The increase in management fee income by approximately AUS$133,000 or 18% in 2015 was due to the increase in operating costs (excluding net exchange loss) for the year. The decrease in management fee income by approximately AUS$117,000 or 17% in 2016 was due to the decrease in operating costs (excluding net exchange loss) for the period. The revenue, excluding management fee income, amounted to approximately AUS$11,000, AUS$11,000, AUS$20,000, AUS$10,000 and AUS$30,000 for the year ended 31 December 2013, 2014, 2015 and 30 September 2015 and 2016 respectively, which are related to the internet connection and consulting services provided to customers throughout the year/period.

Administrative expenses are mainly staff costs, depreciation, net exchange loss, operating lease expenses and other office expenses. The administrative expenses, excluding net exchange loss, amounted to approximately AUS$839,000, AUS$750,000, AUS$799,000, AUS$626,000 and AUS$537,000 for the year ended 31 December 2013, 2014, 2015 and 30 September 2015 and 2016 respectively, which are mainly related to staff costs and general office expenses incurred throughout the year/period.

The net exchange loss amounted to approximately AUS$1,389,000, AUS$908,000, AUS$1,149,000, AUS$1,639,000 and net exchange gain of AUS$494,000 for the year ended 31 December 2013, 2014, 2015 and 30 September 2015 and 2016 respectively, which is due to the translation of amount due to an immediate holding company denominated in United States dollars into Australia dollars.

Other income represents the interest income, net exchange gain in 2016 and sundry income. Sundry income in 2013 and 2014 represents the over-provision of expenses in prior years and reversed in subsequent years.

Australia income tax in 2013 is calculated at 30% of the estimated assessable profit for that year. No provision for income tax for year ended 31 December 2014 and 2015 and 30 September 2016 has been made as ASIASPACE has no assessable profit arising in Australia for the relevant year/period.

ASIASPACE has net deficit of approximately AUS$9,200,000, AUS$10,033,000, AUS$11,102,000 and AUS$10,554,000 as at 31 December 2013, 2014 and 2015 and 30 September 2016, respectively. ASIASPACE can meet its financial obligations as they fall due as its immediate holding company provides financial support throughout the year/period.

Property, plant and equipment represents the broadcasting machine and equipment and furniture and fixtures. There is no material addition nor disposal of property, plant and equipment during the year/period, except in 2014 which purchased various new equipment of approximately AUS$32,000 for the removal of new operating site. Property, plant and equipment is depreciated on a straight-line basis at rates from 7% to 40% per annum.

Current assets amounted to approximately AUS$58,000, AUS$129,000, AUS$67,000 and AUS$157,000 as at 31 December 2013, 2014 and 2015 and 30 September 2016 respectively. Current assets represents trade receivables, other receivables, rental deposits and bank and cash. The increase in current assets are mainly due to the increase in trade receivables and bank balances. ASIASPACE has continuously been negotiating the repayment schedule of trade receivables. No allowance for impairment of the trade receivables is necessary as there is no recent history of significant default in respect of these trade debtors.

Current liabilities amounted to approximately AUS$9,277,000, AUS$10,206,000, AUS$11,202,000 and AUS$10,731,000 as at 31 December 2013, 2014 and 2015 and 30 September 2016, respectively. Current liabilities represents accruals, other payables, tax payables and amount due to immediate holding company. More than 90% of the current liabilities are from the amount due to immediate holding company which is unsecured, non-interest bearing and repayable on demand. The remaining current liabilities are mainly related to accrued expenses, provision for long services expenses and tax payables. ASIASPACE does not have any external bank borrowings throughout the year/period.

Throughout the year/period, most of the assets, liabilities and transactions of ASIASPACE are denominated in Australia dollars, except for the amount due to immediate holding company which is denominated in United States dollars. The management of ASIASPACE considers that foreign exchange risk does not affect ASIASPACE, therefore, ASIASPACE does not make any hedging arrangement during the year/period.

ASIASPACE does not have any pledge nor charges on property and assets as at 31 December 2013, 2014 and 2015 and 30 September 2016.

ASIASPACE does not have any significant contingent liabilities as at 31 December 2013, 2014 and 2015 and 30 September 2016.

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 Acquisition. 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

(i) Basis of preparation of the unaudited pro forma financial information of the Group

The following unaudited pro forma financial information of the Group comprising the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows (collectively referred to as the "**Unaudited Pro Forma Financial Information**") has been prepared in accordance with paragraph 4.29 of the Listing Rules based on:

(a) the interim condensed consolidated statement of financial position of the Group as at 30 June 2016, the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2016 and the interim condensed consolidated statement of cash flows for the six months ended 30 June 2016 which have been extracted from the Company's published interim report for the six months ended 30 June 2016; and

(b) after taking into account of the unaudited pro forma adjustments as described in the notes thereto to demonstrate how the proposed acquisition of the 20% equity interest in Silkwave Holdings (the "Acquisition") might have affected the historical financial information in respect of the Group as if the Acquisition had been completed on 30 June 2016 for the unaudited pro forma consolidated statement of financial position and as if it had taken place on 1 January 2016 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the financial information contained in this circular and the accountants' reports on the Holdings and ASIASPACE (collectively the "Target Group") as set out in Appendices II and III to this circular.

The Unaudited Pro Forma Financial Information of the Group has been prepared by the Directors of the Company based on a number of assumptions, estimates and uncertainties for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position, results of operations and cash flows of the Group as at the specified dates, where applicable, or any future dates.

(ii) **Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group**

		Pro forma adjustments				
	The Group	**Disposal of 51% Global Vision**	**Disposal of 49% Global Vision**	**Share of result of 20% Silkwave Holdings**	**Interest on convertible notes**	**Pro forma The Group**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Revenue	2,885					2,885
Cost of sales	(2,406)					(2,406)
Gross profit	479					479
Interest income	2	(2)	—	—	—	—
Administrative expenses	(1,010)	216	—	—	—	(794)
Market development and promotion expenses	(3,759)	939	—	—	—	(2,820)
Other expenses	(406)	—	—	—	—	(406)
Finance costs	(1,012)	—	—	—	(6,676)	(7,688)
Loss on disposal of Global Vision	—	(817)	—	—	—	(817)
Gain on disposal of Global Vision	—	—	49,215	—	—	49,215
Share of result of associate	—	—	—	(29)	—	(29)
(Loss)/profit before tax	(5,706)					37,140
Income tax expenses	(30)					(30)
(Loss)/profit for the period	(5,736)					37,110
Other comprehensive expense						
Item to be reclassified to profit or loss in subsequent periods:						
Exchange differences arising on translation	(52)					(52)
	(5,788)					37,058

(iii) **Unaudited Pro Forma Consolidated Statement of Financial Position of the Group**

		Pro forma adjustments		
	The Group	**Disposal of 51% Global Vision**	**Acquisition of 20% Silkwave Holdings**	**Pro forma The Group**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*
	Note 6	*Note 7*	*Note 8*	
Non-current assets				
Property, plant and equipment	924	(478)	—	446
Intangible assets	106,588			106,588
Deposits for acquisition of intangible assets	68,836	—	(68,836)	—
Interest in associate - Silkwave Holdings	—	—	240,000	240,000
Interest in Global Vision	—	7,310	(7,310)	—
Financial asset at FVTPL	2,118			2,118
	178,466			349,152
Current assets				
Trade and other receivables	3,811	(436)	—	3,375
Amount due from a related company	2,162			2,162
Bank balances and cash	40,889	(14,229)	—	26,660
	46,862			32,197
Current liabilities				
Trade and other payables	(1,806)	224	—	(1,582)
Tax payable	(35)			(35)
Amount due to an immediate holding company	—	—	(25,164)	(25,164)
	(1,841)			(26,781)
Net current assets	45,021			5,416
Non-current liabilities				
Convertible notes	(19,634)	—	(49,270)	(68,904)
Net assets	203,853			285,664
Capital and reserve				
Share capital	(241,863)			(241,863)
Share premium and reserves	65,950	7,609	(89,420)	(15,861)
Equity attributable to the Company	(175,913)			(257,724)
Non-controlling interest	(27,940)			(27,940)
	(203,853)			(285,664)

(iv) **Unaudited Pro Forma Consolidated Statement of Cash Flows of the Group**

		Pro forma adjustment	
	The Group	**Disposal of 51% Global Vision**	**Pro forma The Group**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*
	Note 9	*Note 10*	
Net cash used in operating activities	(5,728)		(5,728)
Investing activities:			
Purchase of property, plant and equipment	(243)		(243)
Deposits paid for the acquisition of assets	(42,824)		(42,824)
Interest received	2		2
Net cash used in investing activities	(43,065)		(43,065)
Financing activities:			
Proceeds from rights issue	80,595		80,595
Advances to related companies	(831)		(831)
Transaction cost related to placing of new shares	(439)		(439)
Disposal of subsidiary	—	(14,229)	(14,229)
Net cash from financing activities	79,325		65,096
Net increase in cash and cash equivalents	30,532		16,303
Cash and cash equivalents at beginning of the period	10,412		10,412
Effect of foreign exchange rate changes	(55)		(55)
Cash and cash equivalents at end of the period	40,889		26,660

(v) **Notes to the Unaudited Pro Forma Financial Information of the Group**

1. The unaudited consolidated statement of profit or loss and other comprehensive income of the Group for the period ended 30 June 2016 were extracted from the published 2016 interim report of the Company.

2. On 19 July 2016, the Group transferred 51% of the equity interest in Global Vision, its wholly-owned China subsidiary, to Global Broadcasting Media Company ("GMG") at a consideration of RMB$1. Global Vision has become a joint venture company between the Group and GMG for operating satellite mobile multimedia in China.

   The adjustment represents the exclusion of the income and expenses attributable to Global Vision for the six months ended 30 June 2016 as if the Disposal had taken place on 1 January 2016.

   The estimated net loss on the Disposal as if it had taken place on 1 January 2016, which is as follows:

Disposal of 51% Global Vision	*US$'000*
Consideration	—
Net assets of 51% Global Vision at 1 January 2016	(817)
Estimated loss on disposal of 51% Global Vision	(817)

3. US$50 million of the consideration will be satisfied with 49% equity interest in Global Vision. The estimated gain on the disposal of 49% equity in Global Vision as if the disposal had taken place on 1 January 2016 is calculated as follows:

Disposal of 49% Global Vision	*US$'000*
Consideration	50,000
Net assets of 49% Global Vision at 1 January 2016	(785)
Estimated gain on disposal of 49% Global Vision	49,215

4. Adjustment for share of results of an associate represents 20% share of results of Silkwave Holdings Limited by the Group as if the acquisition had been completed on 1 January 2016. The results of Silkwave Holdings Limited are based on (i) financial performance of Silkwave Holdings Limited for the period from 19 April 2016 (date of incorporation) to 30 September 2016 as extracted from the Accountants' Report of Silkwave Holdings Limited as set out in Appendix II to this Circular and (ii) financial performance of ASIASPACE Pty Limited for the nine months ended 30 September 2016 as extracted from the Accountants' Report of ASIASPACE Pty Limited as set out in Appendix III to this Circular . The adjustment is expected to have a continuing financial effect to the Group.

5. The adjustment represents interest imputed on the convertible notes with a total principal amount of US$96 million as if the acquisition had been completed on 1 January 2016. The adjustment is expected to have a continuing financial effect to the Group.

6. The unaudited consolidated statement of financial position of the Group as at 30 June 2016 was extracted from the published 2016 interim report of the Company.

7. On 19 July 2016, the Group transferred 51% of its equity interest in Global Vision, its wholly-owned subsidiary in China, to GMG at a consideration of RMB $1. Global Vision has become a joint venture company between the Group and GMG for operating satellite mobile multimedia in China.

The adjustment represents the exclusion of the assets and liabilities of Global Vision as if the disposal had taken place on 30 June 2016 for the unaudited pro forma consolidated statement of financial position. The balances are extracted from the unaudited statement of financial position of Global Vision as at 30 June 2016 as the management of the Company believes there were no material change between 30 June 2016 and date of disposal.

The adjustment to the Group's reserves represents the unaudited loss on the disposal of 51% equity interest in Global Vision which is calculated as follows:

Disposal of 51% Global Vision	*US$'000*
Consideration	—
Net assets of 51% Global Vision at 30 June 2016	(7,609)
Unaudited loss on disposal of 51% Global Vision	(7,609)

8. On 31 October 2016, the Company entered into a sales and purchase agreement with Chi Capital to acquire 20% equity interest in Silkwave Holdings Limited. The total consideration is US$240 million which will be satisfied by US$ 94 million of cash, US$96 million of convertibles notes and US$50 million being the disposal of the Company's 49% equity interest in Global Vision. Silkwave Holidngs Limited will be accounted for using the equity method in the consolidated financial statements of the Group initially at cost in accordance with HKAS 28, Investments in Associates. The directors of the Company have estimated the fair value of the investment in associate to be approximately to US$240 million.

The adjustment to the Group's reserves represents:	*US$'000*
i) Equity component of of the convertible notes	46,730
ii) Gain on disposal of 49% Global Vision	42,690
	89,420

i) The fair value of the debt component of the convertible notes was estimated to be US$49,270,000 by an independent professional qualified valuer, Peak Vision Appraisals Limited, as at 30 September 2016. The residual amount was recorded as the equity component and was included in the convertible note equity reserve.

ii) US$50 million of the consideration will be satisfied by the disposal of the Company's 49% equity interest in Global Vision. The unaudited gain on the disposal of 49% equity interest in Global Vision as if the disposal had taken place on 30 June 2016 is calculated as follows:

Disposal of 49% Global Vision	*US$'000*
Consideration	50,000
Interest in Global Vision	(7,310)
Gain on disposal of 49% Global Vision	42,690

9. The unaudited consolidated statement of cash flows of the Group for the period ended 30 June 2016 were extracted from the published 2016 interim report of the Company.

10. The amount represents the cash and bank balances held by Global Vision as at 30 June 2016, as if 51% equity interest in Global Vision has been disposed by the Group.

11. No other adjustments have been made to reflect any trading result or other transactions of the Group and Silkwave Holdings Limited entered into subsequent to 30 June 2016 and 30 September 2016. Unless otherwise stated, the adjustments above do not have a recurring effect.

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

B. ACCOUNTANTS' 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

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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 consolidated statement of financial position as at 30 June 2016, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2016, the unaudited pro forma consolidated statement of cash flows for the period ended 30 June 2016 and the related notes as set out on pages IV-1 to IV-7 of the circular issued by the Company dated 31 March 2017 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 20% of the issued share capital of Silkwave Holdings Limited (the "Acquisition") on the Group's consolidated financial position as at 30 June 2016 and the Group's consolidated financial performance and cash flows for the period ended 30 June 2016 as if the Acquisition had taken place at 30 June 2016 and 1 January 2016 respectively. As part of this process, information about the Group's unaudited consolidated financial position, unaudited consolidated statement of profit or loss and other comprehensive income and the unaudited consolidated statement of cash flows has been extracted by the Directors from the Group's unaudited consolidated financial statements for the period ended 30 June 2016, 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").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality control 1"Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2016 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 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, 31 March 2017

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31 March 2017

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

Dear Sir/Madam,

Re: Valuation of the L-band Satellite 40 Megahertz Spectrum

In accordance with the instructions from CMMB Vision Holdings Limited (hereinafter referred to as the "Company") to us to conduct a valuation on the 40 Megahertz ("MHz") L-band spectrum (hereinafter referred to as the "Spectrum") capacity owned by New York Satellite Holdings, LLC ("NYSH") and its wholly-owned subsidiary, ASIASPACE Pty Limited. The Company entered into an sale and purchase agreement (hereinafter referred to as the "Agreement") with Chi Capital Holdings Ltd, pursuant to which the Company proposes to acquire 20% equity interest in Silkwave Holdings with management rights and calll option which holding the exclusive user rights for the AsiaStar satellite platform, and rights to use the 40 MHz L-band spectrum.

We are only engaged to evaluate the Spectrum covering the People's Republic of China ("PRC") but not the rest of Asia, where the same spectrum has coverage under the authorization of the International Telecom Union ("ITU").

We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 16 January 2017 (hereinafter referred to as the "Date of Valuation").

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

1. PURPOSE OF VALUATION

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

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

2. SCOPE OF WORK

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

We are only engaged to evaluate the Spectrum covering the PRC but not the rest of Asia, where the same spectrum has coverage under the authorization of the ITU.

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

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

3. INDUSTRY OVERVIEW

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

3.1 **Overview of the CMMB Industry**

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

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

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

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

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

4. THE COMPANY

The Company is an investment holding company. The principal activities of its subsidiaries are trading of printed circuit board ("PCB") materials and provision of CMMB services.

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

The Company has recently entered into the Agreement with NYSH, which gives the Company the exclusivity to develop business in the region by using the AsiaStar satellite platform. The registered owner of AsiaStar is ASIASPACE Pty Limited which is wholly owned by NYSH currently. NYSH is held by New York Broadband II, which is ultimately held by New York Broadband, LLC and Chi Capital Holdings Ltd.

Simultaneously, the Company is working with NYSH to incorporate high-power features into the new generation satellites in order to vastly increase their overall capacity. The satellites will also adopt the Company's groundbreaking mobile convergent technology comprised of CMMB, an emerging global standard for mobile digital broadcasting, and the next generation of CMMB, known as Next Generation Broadcasting—Wireless ("NGB-W") together with 4th Generation Long-Term Evolution ("4G-LTE") to create an integrated broadcast-unicast delivery platform. This platform can transmit virtually unlimited multimedia and data directly to all mobile devices anytime and anywhere ubiquitously with unprecedented efficiencies, cost economies, and free of the data bottleneck so pervasive in current terrestrial mobile networks.

5. THE SPECTRUM

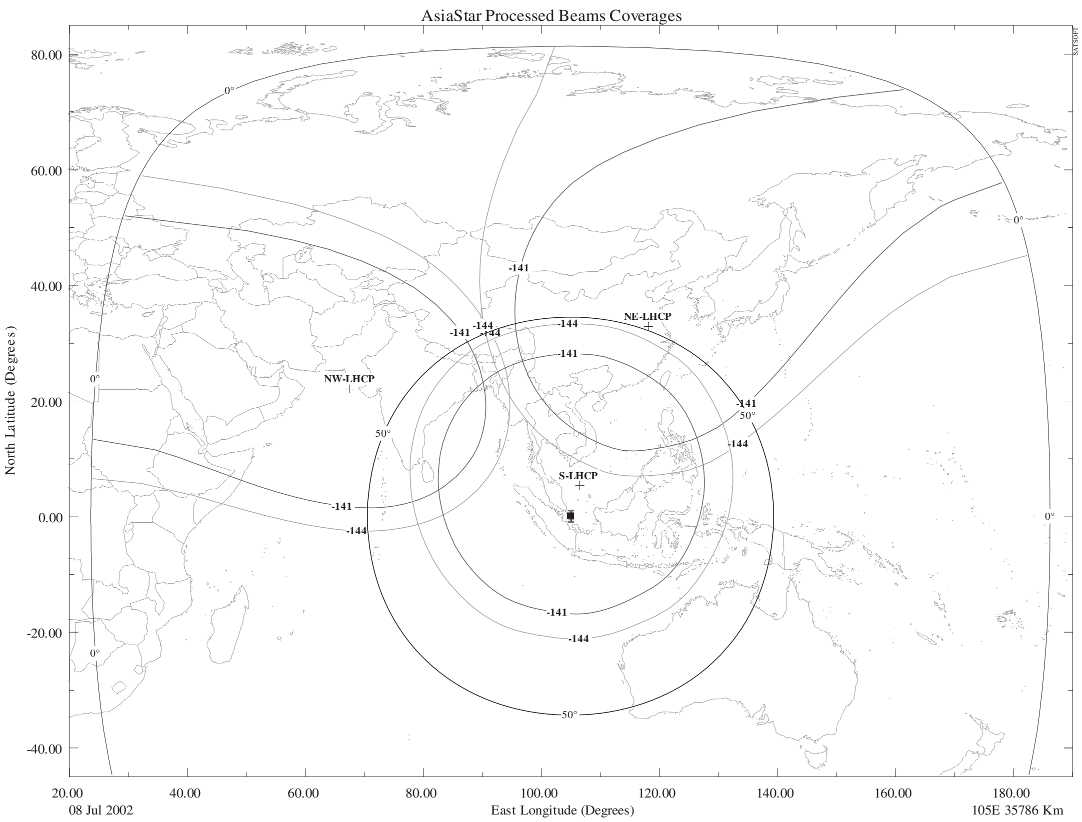
L-band is the specific electromagnetic spectrum in the 1-2 Gigahertz ("GHz") ranged widely used around the globe for satellite telephone and other mobile networks, some examples of L-band usage includes low earth orbit satellites, terrestrial wireless connections, mobile services, telecommunication, radio operations, digital audio broadcasting and etc.

The AsiaStar satellite uses the only segment of the L-band that has been allocated globally for satellite-based mobile broadcasting applications (1452-1492 MHz). Since there is limited spectrum available in the L-band, it is considered a scarce resource.

The AsiaStar satellite owns currently the only mobile network infrastructure that can cover the whole of the PRC and the Asian One-Belt-One-Road countries, including North Asia, Southeast Asia, India, Pakistan, and Middle Asia. The Company, through combining the AsiaStar satellite platform and its mobile digital broadcasting technology, will create the next generation mobile multimedia service platform, which can accommodate the billions of people in the regions.

According to a map provided by the Management and approved by ITU, the area covered by the Spectrum includes the whole of the PRC and the Asian One-Belt-One-Road countries, including North Asia, Southeast Asia, India, Pakistan, and Middle Asia. Figure 1 below depicts the map showing the coverage area of the Spectrum.

Figure 1 — Map showing the coverage area of Spectrum



6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2013, **market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

7. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Company and the Spectrum. In addition, we have made relevant inquiries and obtained further information as we considered necessary for the purpose of the valuation.

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

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

- The nature and prospect of the Company and the Spectrum;
- Relevant licenses and agreements;
- The business risks of the Spectrum such as the ability in maintaining competent technical and professional personnel; and
- Market transactions of similar spectra.

8. VALUATION METHODOLOGY

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

8.1 **Market-Based Approach**

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

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

8.2 **Income-Based Approach**

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

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

8.3 **Asset-Based Approach**

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

8.4 **Spectrum Valuation**

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

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

- L-band transaction with frequency range of electromagnetic waves between 1400 MHz and 1500 MHz;

- Geographical coverage of the spectrum is global, since there are very limited transactions available;

- Only transactions in recent five years are taken into account; and

- Major details of the transaction are publicly disclosed.

The comparable transactions were selected on a best effort basis as regards the similarity in their spectrum specifications with the Spectrum. Based on the selection criteria stated above, we have finally arrived at an exhaustive list of comparable transactions (hereinafter referred to as the "Comparable Transactions") for this valuation and the details are listed as follows:

Location	**Bidder Name** *(Note)*	**Winning Bid Amount (USD million)**	**Population (million)**	**Bandwidth (MHz)**	**Price (USD/ MHz/Pop)**
Italy	Telecom	250.20	62.5	20	0.200
	Vodafone	251.98	62.5	20	0.202
				Average:	**0.201**
Germany	Vodafone	44.47	81.10	5	0.110
	Vodafone	44.47	81.10	5	0.110
	Vodafone	44.45	81.10	5	0.110
	Telekom	46.67	81.10	5	0.115
	Vodafone	46.66	81.10	5	0.115
	Telekom	42.37	81.10	5	0.104
	Telekom	44.49	81.10	5	0.110
	Telekom	44.49	81.10	5	0.110
				Average:	**0.110**

Source: Ministry of Economic Development (Italy)
Federal Network Agency (Bundesnetzagentur) of the German Federal Ministry of Economics and Technology
Population Reference Bureau

Note: Telecom denotes Telecom Italia; Vodafone denotes Vodafone Italy for Italy and Vodafone GmbH for Germany respectively; Telekom denotes Telekom Deutschland GmbH

Telecom Italia and Vodafone have been awarded two 20 MHz frequency lots in the 1452-1492 MHz band, or L-band, for mobile broadband use on 10 September 2015. The operators were the only two companies that submitted bids to the Ministry of Economic Development (Italy).

The German spectrum auction ended in round 181 on 19 June 2015 with Vodafone GmbH and Telekom Deutschland GmbH being the winning bidders of the 1500 MHz spectrum. The above transaction was extracted from the Federal Network Agency (German: Bundesnetzagentur, BNetzA), which is the German regulatory office for electricity, gas, telecommunications, post and railway markets. The Federal Network Agency is a federal government agency of the German Federal Ministry of Economics and Technology.

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

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

We noted that the price paid per MHz per person under coverage of the area multiples of the Comparable Transactions covers different areas, and we have adopted average of the regional mean of the said multiples of the Comparable Transactions in the valuation, such that the regional effect of the Comparable Transactions would be minimized.

Location	Total Bandwidth (MHz)	Average Price (USD/MHz/Pop)
Italy	40	0.201
Germany	40	0.110
	Average:	**0.156**

According to our understanding from the Management, the Management is currently applying for the operating right of AsiaStar satellite and usage right of the L-band frequency in the PRC. As we are engaged to evaluate the Spectrum value covering the PRC only, hence in our valuation, we have adopted the population coverage of the Spectrum in the PRC of 1,378 million, based on the latest available population estimate for the year 2016 from the Population Reference Bureau, a private nonprofit organization which provides information about population, health and environment for research or academic purposes.

In addition, according to statistics on the penetration rate of active mobile-broadband subscriptions published by ITU, the penetration rates of active mobile-broadband subscription of Asia & Pacific and Europe are 42.6% and 76.6% respectively. Due to the difference in population penetration related to mobile-broadband service in these 3 regions, we further apply a penetration rate factor of 56% (i.e. approximately equal to 42.6%/76.6%) in our calculation to obtain a targeted population (“Target Population”) to represent the estimated penetration differential between the population in the PRC and the countries in the Comparable Transactions.

Then we applied the average price paid per MHz per person under coverage of the area multiple to the spectrum capacity of 40 MHz of the Spectrum licensed to the Company and Target Population to arrive at the market value of the Spectrum as at the Date of Valuation, as illustrated by the formula below:

Market Value of the Spectrum (USD)	=	Average price paid per MHz per person under coverage of the area multiple of the Comparable Transactions (USD/MHz/Pop)
	x	Spectrum capacity of the Spectrum leased to the Company (MHz)
	x	Expected covered population in the PRC (Pop)
	x	Penetration rate factor

Furthermore, the Management advised that future capital expenditure related to the Spectrum of USD550 million would be spent on satellite, China uplink station, China terrestrial repeater network. Hence, we have deducted this amount from the market value of the Spectrum as at the Date of Valuation.

Should a valuation be performed on the Spectrum covering the rest of Asia, we believe that such valuation should follow the same approach as our approach adopted for the PRC, whereby the population covered by the Spectrum could be used, provided that similar business environment and deployment readiness will be procured to enable the offering of similar satellite services to the population in the rest of the Asia region.

8.5 **Sensitivity Analysis**

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

Percentage Change in Price Paid per MHz per Person Under Coverage of the Area	**Adopted Price Paid per MHz per Person Under Coverage of the Area (USD/MHz/Pop)**	**Market Value of the Spectrum (USD million)**
+10%	0.1712	4,734
+5%	0.1634	4,494
0%	0.1556	4,254
-5%	0.1478	4,014
-10%	0.1401	3,773

9. MAJOR ASSUMPTIONS

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

- Based on our understanding, the bandwidth of L-band is not globally defined, but is generally accepted within the frequency range of 1000 MHz to 2000 MHz;

- Based on our discussion with the Management and further research, the spectrum position in the band will greatly affect the price of the transaction, therefore the spectrum position of the Comparable Transactions shall be close to the Spectrum, which is within the range of 1400 MHz to 1500 MHz;

- There will be no major technological difficulty to implement the satellite service regarding the related spectrum to the users in the concerning regions as mentioned in section 5 above;

- The Company is currently applying for the operating right of AsiaStar satellite in the PRC, and usage right of the L-band frequency in the PRC, we assume all relevant operating rights and usage right of the Spectrum, and any other governing licenses and rights in the countries covered by the Target Population can be obtained and without any legal difficulties to operate and provide spectrum related business etc.;

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

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

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

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

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

10. INFORMATION REVIEWED

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

- Market transactions of similar spectra from the Ministry of Economic Development of Italy and the Federal Network Agency (Bundesnetzagentur) of the German Federal Ministry of Economics and Technology;
- License of the Spectrum;
- The Agreement;
- Information in relation to the Agreement disclosed on the Hong Kong Exchange Limited;
- Information of the Company and the Spectrum;
- Market trends of the CMMB industry and other dependent industries; and
- General descriptions in relation to the Spectrum and the Company.

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

11. LIMITING CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

12. REMARKS

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

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

13. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the 100% interest of the Spectrum covering the PRC as at the Date of Valuation, in our opinion, was reasonably stated as USD4,254,000,000 (UNITED STATES DOLLARS FOUR BILLION TWO HUNDRED AND FIFTY FOUR MILLION ONLY).

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

RESPONSIBILITY STATEMENT

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

SHARE CAPITAL

The authorised and issued share capitals of the Company as at the Latest Practicable Date were, and upon the full conversion of the Convertible Notes (for illustration purpose only) will be, as follows:

	HK$ *(Nominal Value)*
Authorised share capital:	
500,000,000,000 Shares	5,000,000,000
Issued and fully paid share capital:	
1,875,960,800 Shares in issue	18,759,608
1,862,400,000 Shares in aggregate to be issued upon completion upon the full conversion of the Convertible Notes (assuming no further issue of new Shares on or before the Record Date) (Note)	18,624,000

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 10,450,821 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 228,801,475 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 Conversion Shares, when allotted, issued and fully paid, will rank pari passu with each other and the then existing Shares in issue in all respects including rights to dividends, voting and return of capital.

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

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 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, 450,821 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 228,801,475 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

DIRECTORS

Executive Directors

Mr. WONG Chau Chi ("Mr. Wong"), aged 52, 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 Ltd, 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 48, 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 70 granted or pending telecommunications patents, including more than twenty 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 (Communications 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. Dr. 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 74, 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 Associate professor of Department of Financial Law in Ming Chuan University (銘傳大學法律學院財金法律學系專任副教授). Mr. Wang currently serve as an independent director of Young Fast Optoelectronics Co., Ltd. (洋華光電股份有限公司), WIN Semiconductors Corp. (穩懋半導體股份有限公司), Capital Securities Corp. (群益期貨股份有限公司) and ANT Precision Industry Co., Ltd. (艾恩特精密工業股份有限公司), four companies 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 53, 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, Chairman & CEO of Silk Road Finance Corporation Limited, 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 Star Cable and ENN Ecological Holdings Co., Ltd., 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 55, 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 (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 Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
Principal place of business of the Company in Hong Kong	Unit 1211, Level 12, Core F Cyberport 3 100 Cyberport Road Cyberport Hong Kong
Company secretary	Ms. Chan Pui Yee Janice, FCCA and HKICPA
Authorised representatives	Mr. Wong Chau Chi Ms. Chan Pui Yee Janice
Auditor	HLM CPA limited *Certified Public Accountants* Room 305, Arion Commercial Centre 2-12 Queen's Road West Hong Kong
Principal share registrar and transfer agent	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House, 24 Shedden Road George Town, Grand Cayman KY1-1110 Cayman Islands
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited 17M Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	Hong Kong Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests in the Company

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

Ordinary Shares

Name of Director	Capacity/nature of interest	Total number of ordinary sharesheld	Approximate percentage of interest
Mr. Wong Chau Chi	Interest of controlled corporation *(Note)*	552,882,000	29.47%

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

Interests of substantial shareholders 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)*	552,882,000 (L)	29.47%

Notes:

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

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

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

Interests of experts in the Group

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

Interests in assets, contracts or arrangements

None of the Directors or experts named in the paragraph headed "Qualification of experts" in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited 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)).

Competing interests

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

MATERIAL CONTRACTS

Save as disclosed herein, 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 circular which are or may be material.

MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up).

LITIGATION

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

QUALIFICATION OF EXPERTS

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

Name	Qualification
HLM CPA Limited	Certified Public Accountants, Hong Kong
Roma Appraisals Limited	Professional valuer
Veda Capital Limited	a licensed corporation 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 INFORMATION

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

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

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Unit 1211, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Cyberport, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. from 31 March 2017 up to and including 21 April 2017, 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 year ended 31 December 2014 and 31 December 2015;

(d) the interim report of the Company for the six months ended 30 June 2016

(e) the letter from the Independent Financial Adviser;

(f) the letter from the Independent Board Committee;

(g) the accountants' reports on the financial information of the Silkwave Holdings and ASIA SPACE issued by HLM CPA Limited, the texts of which are set out in Appendics II and III to this circular;

(h) the accountants' 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 IV to this circular;

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

(j) the Sale and Purchase Agreement;

(k) this Circular; and

(l) 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 the ("**Meeting**") of the CMMB Vision Holdings Limited (the "**Company**") will be held at Board Room, Level 3, Core C. Cyberport 3, 100 Cyberport Road, Hong Kong on Friday at 10:00 a.m. on 21 April 2017 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTION

"**THAT**:

(a) (i) the Sale and Purchase Agreement (copies of which are tabled at the meeting, marked "A" and signed by the chairman of the meeting ("**Chairman**") for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

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

(b) conditional upon the passing of ordinary resolution (a), and the Listing Division of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in the Conversion Shares (as defined in the circular dated 31 March 2017 of the Company ("**Circular**") (a copy of the Circular marked "B" has been submitted to the Meeting and signed by the Chairman for the purpose of identification), the grant of a specific mandate to the board of Directors for the allotment and issue of the Conversion Shares be and is hereby approved.";

As at the date hereof, Chi Capital, which is wholly-owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board, held 552,882,000 Shares. At the EGM, Mr. Wong Chau Chi and his associates, including Chi Capital, are required to abstain from voting in relation to the resolutions of approving the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate.

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

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

Hong Kong, 31 March 2017

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 adjournment 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.