
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CMMB Vision Holdings Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers contained in this Composite Document.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.



CHI CAPITAL HOLDINGS LTD
(Incorporated in the BVI with limited liability)



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)

**COMPOSITE DOCUMENT
RELATING TO MANDATORY UNCONDITIONAL CASH OFFERS BY**



**FOR AND ON BEHALF OF CHI CAPITAL HOLDINGS LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
CMMB VISION HOLDINGS LIMITED AND FOR THE CANCELLATION
OF ALL THE OUTSTANDING OPTIONS OF CMMB VISION HOLDINGS
LIMITED (OTHER THAN THOSE ALREADY OWNED BY THE
OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

Joint Financial Advisers to the Offeror



VEDA | CAPITAL
智略資本

Financial Adviser to the Company



Joint Independent Financial Advisers to the Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "DEFINITION" in this Composite Document.

A letter from Kingston Securities containing, amongst other things, details of the terms and conditions of the Offers are set out on pages 8 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 26 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders and Optionholders on the Offers is set out on pages 27 to 28 of this Composite Document. A letter from the Joint Independent Financial Advisers containing their recommendation and advice to the Independent Board Committee on the Offers is set out on pages 29 to 68 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. The relevant Form of Acceptance should be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by no later than 4:00 p.m. on Friday, 4 February 2022 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Any person including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "IMPORTANT NOTICES" contained in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. Overseas Shareholders and Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cmmbvvision.com.

14 January 2022

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong times and dates.

Event	Time & Date
	2022
Despatch date of this Composite Document and the accompanying Forms of Acceptance (<i>Note 1</i>)	Friday, 14 January
Offers open for acceptance (<i>Note 1</i>)	Friday, 14 January
Latest time and date for acceptance of the Offers (<i>Notes 2, 3 and 5</i>)	by no later than 4:00 p.m. on Friday, 4 February
Closing Date (<i>Notes 2 and 3</i>)	Friday, 4 February
Announcement of the results of the Offers (or its extension or revision, if any) on the website of the Stock Exchange and the Company (<i>Note 2</i>)	by 7:00 p.m. on Friday, 4 February
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offers (<i>Notes 4 and 5</i>)	Tuesday, 15 February

Notes:

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “6. Right of withdrawal” in Appendix I to this Composite Document.

EXPECTED TIMETABLE

2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed for acceptances on the Closing Date. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Friday, 4 February 2022 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange by no later than 7:00 p.m. on Friday, 4 February 2022, stating the results of the Offers and whether the Offers have been extended, revised or have closed for acceptance. In the event that the Offeror decides to extend or revise the Offers and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders and Optionholders who have not accepted the Offers.
3. Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable in respect of acceptance of the Offers will be despatched to the accepting Shareholder(s) by ordinary post at their own risk as soon as possible, and remittance in respect of the cash consideration payable for the Offer Options will be despatched to the Company as soon as possible for collection by the Optionholders, but in any event within seven (7) Business Days following the date of receipt by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) of the duly completed Form of Acceptance and all requisite documents to render the acceptance under the Offers complete and valid in accordance with the Takeovers Code.
5. If there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning" or "extreme condition" caused by super typhoon:
 - (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the posting of remittances will remain on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers or the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, as the case may be, will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Shareholders and Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS OUTSIDE HONG KONG

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and Optionholders should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such overseas Shareholders and Optionholders in respect of such jurisdictions.

The Offeror, the Offeror's Concert Parties, the Company, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, professional advisers and associates and any other persons involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed "Overseas Shareholders and Optionholders" in the "LETTER FROM KINGSTON SECURITIES" in this Composite Document.

NOTICE TO U.S. SHAREHOLDERS AND OPTIONHOLDERS

The Offers are being made for the securities of a Cayman Islands company and are subject to Hong Kong disclosure and procedural requirements, which are different from those of the U.S.. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the U.S.. The Offers will be made to the Company's Overseas Shareholders and Optionholders in the U.S. pursuant to exemptions from some of the applicable U.S. tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers will be subject to disclosure and other procedural requirements of Hong Kong, including with respect to withdrawal rights, the timetable of the Offers, settlement procedures and the timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

IMPORTANT NOTICES

The receipt of cash pursuant to the Offers by a U.S. holder of the Offer Shares and/or Offer Options may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of the Offer Shares and/or Offer Options is urged to consult his/her independent professional adviser immediately regarding the applicable tax consequences of the Offers.

It may be difficult for U.S. holders of Offer Shares and/or Offer Options to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and the Company are located in a country other than the U.S., and some or all of their officers and directors may be residents of a country other than the U.S.. U.S. holders of the Offer Shares and/or Offer Options may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that in accordance with the Takeovers Code, the Offeror, its affiliates and its advisers may bid for or purchase the Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk/>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITION

In this Composite Document, unless the context requires otherwise, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Centurion”	Centurion Corporate Finance Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Closing Date”	4 February 2022, being the closing date of the Offers, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror and approved by the Executive in accordance with the Takeovers Code
“CNI”	CNI Global Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
“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 (stock code: 471)
“Completion”	completion of the Purchases

DEFINITION

“Composite Document”	this composite offer document and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offers, the recommendation from the Independent Board Committee to the Independent Shareholders and Optionholders and the advice from the Joint Independent Financial Advisers in respect of the Offers
“Consideration”	the total consideration of the Sale Shares
“Convertible Notes”	the 7-year zero coupon unsecured unlisted convertible notes in the aggregate principal amount of US\$65,000,000 issued by the Company which was subscribed by the Offeror in accordance with the terms of the subscription agreement dated 29 June 2021
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Forms of Acceptance”	the WHITE Form of the Share Offer Acceptance and the PINK Form of the Option Offer Acceptance (accompanying this Composite Document), and the “Form of Acceptance” means either of them
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC Nominees Limited”	a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic China

DEFINITION

“Independent Board Committee”	an independent committee of the Board comprising (i) all non-executive Directors, namely Dr. Liu Hui, Mr. Chou Tsan-Hsiung and Mr. Yang Yi; and (ii) all independent non-executive Directors, namely Dr. Li Jun, Mr. Chow Kin Wing and Mr. Tam Hon Wah, established for the purpose of advising and giving recommendation to the Independent Shareholders and Optionholders as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror or the Offeror’s Concert Parties
“Joint Announcement”	the announcement jointly published by the Company and the Offeror dated 7 December 2021 in relation to, among other things, the Offers
“Joint Independent Financial Advisers”	Centurion and CNI
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as one of the joint financial advisers to the Offeror in respect of the Offers
“Kingston Securities”	Kingston Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO
“Last Full Trading Day”	30 November 2021, being the last full trading day of the Shares before publication of the Joint Announcement
“Last Trading Day”	1 December 2021, being the last trading day of the Shares before publication of the Joint Announcement
“Latest Practicable Date”	11 January 2022, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITION

“Loan Agreement”	the loan facility agreement entered into between Kingston Securities as the lender and the Offeror as the borrower in relation to a loan facility for financing the Purchases and the consideration payable by the Offeror pursuant to the Offers
“Main Board”	the main board maintained and operated by the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Mr. Wong”	Mr. Wong Chau Chi, being the ultimate beneficial owner and sole director of the Offeror, the chief executive of the Group, an executive Director and the chairman of the Board
“Offer Option(s)”	all the Option(s) in issue, other than those Options already owned by the Offeror or the Offeror’s Concert Parties
“Offer Period”	the period commencing from 7 December 2021, being the date of the Joint Announcement, and ending on the closing date of the Offers
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned by the Offeror or the Offeror’s Concert Parties
“Offeror”	Chi Capital Holdings Ltd, a company incorporated under the laws of the BVI with limited liability, which is wholly-owned by Mr. Wong
“Offeror’s Concert Party(ies)”	party(ies) acting in concert with the Offeror as determined in accordance with the Takeovers Code, including Mr. Wong
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the cash offer made by Kingston Securities for and on behalf of the Offeror to the Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the Options

DEFINITION

“Option Offer Price”	the price at which the Option Offer will be made, being (i) HK\$0.100 per Option for each of the 384,200 Offer Options with an exercise price of HK\$0.30; and (ii) HK\$0.125 per Option for each of the 1,445,000 Offer Options with an exercise price of HK\$0.275
“Optionholder(s)”	the holder(s) of the Options
“Option(s)”	the share options granted and outstanding under the Share Option Scheme from time to time, whether such options vested or not
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown in the register of members of the Company, is (are) outside Hong Kong
“Partial Conversion”	the partial exercise of the conversion rights attached to the Convertible Notes by the Offeror
“Partial Conversion Shares”	the conversion Shares pursuant to the Partial Conversion
“PINK Form of the Option Offer Acceptance”	the PINK form of acceptance and cancellation of all outstanding Options in respect of the Option Offer
“PRC”	the People’s Republic of China, but for the purpose of this Composite Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchases”	the purchases of the Sale Shares on the market by the Offeror
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry in business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, which is appointed as the financial adviser to the Company
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, being the agent to receive the WHITE Form of the Share Offer Acceptance under the Share Offer

DEFINITION

“Relevant Period”	the period from 7 June 2021, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale Shares”	103,428,000 Shares purchased by the Offeror
“Security Charge(s)”	the security charges entered into between the Offeror as chargor and Kingston Securities as chargee in respect of (i) 141,588,796 Shares held by the Offeror; (ii) the Convertible Notes in the aggregate face value of US\$25.0 million held by the Offeror; and (iii) Shares to be acquired by the Offeror
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the mandatory unconditional cash offer made by Kingston Securities for and on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer will be made, being HK\$0.40 per Offer Share
“Share Option Scheme”	the share option scheme adopted by the Company on 18 December 2015
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“U.S.” or “United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America

DEFINITION

“Veda Capital”	Veda Capital Limited, a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as one of the joint financial advisers to the Offeror in respect of the Offers
“WHITE Form of the Share Offer Acceptance”	the WHITE form of acceptance and transfer of the Offer Share(s) in respect of the Share Offer
“%”	per cent

LETTER FROM KINGSTON SECURITIES

Kingston Securities Limited
72/F, The Center
99 Queen's Road Central
Central, Hong Kong

14 January 2022

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY



FOR AND ON BEHALF OF CHI CAPITAL HOLDINGS LTD TO ACQUIRE ALL THE ISSUED SHARES OF CMMB VISION HOLDINGS LIMITED AND FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF CMMB VISION HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement in relation to, *inter alia*, the Offers.

On 26 November 2021 (after trading hours of the Stock Exchange), the Company has received a conversion notice from the Offeror for the exercise of the conversion rights attached to the Convertible Notes to exercise a total of 108,571,428 Partial Conversion Shares at HK\$0.35 per Conversion Share. The 108,571,428 Partial Conversion Shares have been issued to the Offeror on 30 November 2021.

Immediately after the allotment and issue of the Partial Conversion Shares, the number of issued shares of the Company has been increased to 479,374,860 Shares and the Partial Conversion Shares represent approximately 29.28% of the total issued share capital of the Company immediately before the allotment and issue of the Partial Conversion Shares and approximately 22.65% of the total issued share capital of the Company as enlarged by the allotment and issue of the Partial Conversion Shares.

LETTER FROM KINGSTON SECURITIES

Furthermore, on 1 December 2021, the Company was also informed by the Offeror before trading hours of the Stock Exchange that the Offeror has purchased on the market an aggregate of 103,428,000 Sale Shares, representing approximately 21.58% of the total issued share capital of the Company as at the date of the Joint Announcement, through block trade transactions on the Stock Exchange during the pre-market opening session on 1 December 2021 at HK\$0.40 per Sale Share and completion took place simultaneously. The Consideration was satisfied by the loan facility under the Loan Agreement.

The vendors of the Sale Shares and their ultimate beneficial owners are independent third parties who are not connected persons of the Offeror and its connected persons or the Offeror's Concert Parties.

Immediately prior to the Partial Conversion and the Completion, the Offeror and the Offeror's Concert Parties owned (i) an aggregate of 33,429,268 Shares, representing approximately 9.02% of the total issued share capital of the Company immediately before the allotment and issue of the Partial Conversion Shares; (ii) 270,000 Options; and (iii) the Convertible Notes. Immediately after the Partial Conversion, the Completion and as at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties are in aggregate interested in (i) 245,428,696 Shares, representing approximately 51.20% of the total issued share capital of the Company as at the Latest Practicable Date; (ii) 270,000 Options; and (iii) the Convertible Notes in the outstanding amount of US\$60,115,681. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares and the Offer Options, being all the issued Shares and outstanding Options (other than those Shares and Options already owned by the Offeror and the Offeror's Concert Parties).

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offers, together with the information of the Offeror and the Offeror's intention regarding the Group. Further details on the terms of the Offers and procedures of acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. The Independent Shareholders and Optionholders are strongly advised to carefully consider the information contained in the sections headed "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Joint Independent Financial Advisers" as well as the appendices as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

LETTER FROM KINGSTON SECURITIES

MANDATORY UNCONDITIONAL CASH OFFERS

Principal terms of the Share Offer

Kingston Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Share Offer to acquire all the Offer Shares on the terms to be set out in this Composite Document on the following basis:

For each Offer Share HK\$0.40 in cash

The Share Offer Price of HK\$0.40 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Purchases.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all encumbrances and together with all rights attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Comparison of value

The Share Offer Price of HK\$0.40 per Offer Share represents:

- (i) a discount of 50.00% to the closing price of HK\$0.800 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.26% over the closing price of HK\$0.38 per Share quoted on the Stock Exchange on the Last Full Trading Day;
- (iv) a premium of approximately 3.90% over the average of the closing prices quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.385 per Share;
- (v) a premium of approximately 0.76% over the average of the closing prices quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.397 per Share;
- (vi) a discount of approximately 3.19% to the average of the closing prices quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.413 per Share;

LETTER FROM KINGSTON SECURITIES

(vii) a discount of approximately 76.77% to the audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.7220 as at 31 December 2020, calculated based on the audited consolidated net assets attributable to the Shareholders of approximately US\$106,103,000 (equivalent to approximately HK\$825,481,340) as at 31 December 2020 and 479,374,860 Shares in issue as at the Latest Practicable Date; and

(viii) a discount of approximately 73.03% to the unaudited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.4833 as at 30 June 2021, calculated based on the unaudited consolidated net assets attributable to the Shareholders of approximately US\$91,398,000 (equivalent to approximately HK\$711,076,440) as at 30 June 2021 and 479,374,860 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.830 per Share on 5 January 2022; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.228 per Share on 8 September 2021.

Principal terms of the Option Offer

Kingston Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Option Offer to the Optionholders (other than those Options already owned by the Offeror and the Offeror's Concert Parties) to cancel all outstanding Options. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Offer Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$0.30 and HK\$0.275, are below the Share Offer Price of HK\$0.40, the Offer Options are in-the-money and the Option Offer Prices are set at the see-through prices of HK\$0.10 and HK\$0.125 respectively.

For each of the 384,200 Offer Options with an exercise price of HK\$0.10 in cash
HK\$0.30

For each of the 1,445,000 Offer Options with an exercise price of HK\$0.125 in cash
HK\$0.275

The Option Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

LETTER FROM KINGSTON SECURITIES

Securities of the Company

As at the Latest Practicable Date, the Company has (i) 479,374,860 Shares in issue, (ii) 2,099,200 outstanding Options; and (iii) the Convertible Notes in outstanding amount of US\$60,115,681.

Save for the aforesaid, the Company does not have any outstanding options, warrants, derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Value of the Offers

As at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties collectively hold (i) a total of 245,428,696 Shares, representing 51.20% of the issued share capital of the Company; (ii) 270,000 Options; and (iii) the Convertible Notes in the principal amount of US\$60,115,681. Save for the aforesaid, the Offeror and the Offeror's Concert Parties do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Based on the Share Offer Price of HK\$0.40 per Share, 233,946,164 Offer Shares and 1,829,200 Offer Options:

- (i) Assuming that no Offer Options are exercised and the Share Offer is accepted in full:
 - (a) the value of the Share Offer will be approximately HK\$93,578,465.6;
 - (b) the total amount to satisfy the cancellation of all Offer Options will be approximately HK\$219,045.0; and
 - (c) the aggregate amount to satisfy the Offers will be approximately HK\$93,797,510.6.

- (ii) Assuming that all Offer Options are exercised and the Share Offer is accepted in full:
 - (a) the value of the Share Offer will be approximately HK\$94,310,145.6;
 - (b) no amount will be payable by the Offeror under the Option Offer; and
 - (c) the aggregate amount to satisfy the Offers will be approximately HK\$94,310,145.6.

In view of the above, the Offers are valued at approximately HK\$94,310,145.60 in aggregate, being the higher amount of scenarios (i) and (ii) above.

LETTER FROM KINGSTON SECURITIES

Financial resources confirmation

The Offeror intends to finance the maximum consideration payable under the Offers of approximately HK\$94.3 million through a loan facility of HK\$146.0 million under the Loan Agreement.

On 30 November 2021, the Offeror entered into the Loan Agreement in connection with the loan facility, and the Offeror entered into the Security Charges in favour of Kingston Securities. The payment of interest on, repayment of or security for any existing liability (contingent or otherwise) in relation to the loan facility, will not depend on the business of the Company to any significant extent. The voting rights of the Shares subject to the Security Charges would not be transferred to Kingston Securities unless and until the security under the Security Charge(s) shall have become enforceable, and Kingston Securities has elected to enforce the security thereunder, pursuant to the terms and conditions thereof.

Kingston Corporate Finance, being one of the joint financial advisers to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptances of the Offers.

Effect of accepting the Offers

Acceptance of the Share Offer by any Independent Shareholder will constitute a warranty by such person that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of this Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offers. Furthermore, there was no dividend declared but unpaid as at the Latest Practicable Date.

By accepting the Option Offer, the Offer Options tendered by the Optionholders will be cancelled and renounced together with all rights attaching or accruing thereto.

Acceptances of the Offers shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders and Optionholders are reminded to read the recommendation of the Independent Board Committee and the advice of the Joint Independent Financial Advisers in respect of the Offers which are included in this Composite Document.

LETTER FROM KINGSTON SECURITIES

Hong Kong stamp duty

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

Taxation advice

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror or the Offeror's Concert Parties, Kingston Securities, the Company, Kingston Corporate Finance, Veda Capital, Rainbow Capital, the Joint Independent Financial Advisers and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Offers and all relevant documents of title in respect of such acceptances are received by the Offeror (or its agents acting on its behalf) to render each such acceptance complete and valid pursuant to the Takeovers Code.

Overseas Shareholders and Optionholders

The Offeror intends to make the Offers available to all Shareholders and Optionholders including the Overseas Shareholders and Optionholders. However, the availability of the Offers to persons with registered addresses in jurisdictions outside Hong Kong may be prohibited or affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong should fully observe any applicable legal and regulatory requirements and, where necessary, seek independent legal advice.

LETTER FROM KINGSTON SECURITIES

It is the sole responsibilities of the Overseas Shareholders and Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Optionholders in respect of such jurisdictions).

Acceptance of the Offers by any Overseas Shareholder and Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and Optionholders to the Offeror that all local laws and requirements have been complied with. The Overseas Shareholders and Optionholders should consult their professional advisers if in doubt.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the Offeror is wholly-owned by Mr. Wong, who is also the sole director of the Offeror, the chief executive of the Group, an executive Director and chairman of the Board.

Mr. Wong, aged 57, was appointed as an executive Director in May 2007. Mr. Wong is currently the chief executive of the Group and the chairman of the Board. Mr. Wong has extensive experiences in finance, technology and industrial management, working for a variety of companies including Goldman Sachs, Citibank, BNP Paribas, McKinsey, and General Electric. Mr. Wong graduated from the Pomona College in the US with a BA in Economics and International Relations, from the Harvard Kennedy School of Government with an MPP, and matriculated by the St. Antony's College, Oxford reading Political History.

As at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties hold (i) 245,428,696 Shares, which represented 51.20% of the total issued share capital of the Company as at the Latest Practicable Date; (ii) 270,000 Options; and (iii) the Convertible Notes in the outstanding amount of US\$60,115,681.

Save as disclosed above, the Offeror and the Offeror's Concert Parties do not hold any Shares or any other securities of the Company as at the Latest Practicable Date.

LETTER FROM KINGSTON SECURITIES

INTENTION OF THE OFFEROR ON THE GROUP

It is the intention of the Offeror and Mr. Wong that the Group's existing principal activities will be maintained after the close of the Offers. Following the close of the Offers, the Offeror and Mr. Wong intend to continue to pursue and enhance the development of current business of the Group and to create greater value for the Shareholders, including but not limited to (i) digital upgrade and enhanced spectral efficiency of ATSC 3.0 which will enable the Company to accommodate more lucrative high-definition programming instead of the traditional high-definition linear television in order to revamp and embolden CMMB digital broadcasting and data-casting business in the United States. It can accommodate high-definition and wide screen viewing, also accommodate targeted advertising add-on and video-on-demand services in order to increase profitability from more sophisticated programming; (ii) following the completion of the digital upgrade, utilize the upgraded capacity of stations by working with non-traditional high-definition programmers to capitalize the benefit after the digital upgrade in order to offer better quality and service to current customers and potentially expanding the customer base and also continue to work with local business partners to maintain the core-competence and profitability in the long run; (iii) by leveraging the existing printed circuit board trading knowledge and connection, expanding the contract-manufacturing based printed circuit board business into more sophisticated components and product solutions in the area of artificial intelligence, robotic, and wireless digital electronics; and (iv) integrating and leveraging expertise and access in multimedia, mobile Internet, and satellite to better provide value-added services for connected-car infotainment and mobile multimedia delivery in the PRC and Asia. The Company will continue to explore cooperation opportunity with local business partners across the Asia region.

Save for the above and as at the Latest Practicable Date, no investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group, other than those conducted by the Company in its ordinary course of business and/or those which are immaterial in nature.

Save as in connection with the intention of the Offeror and Mr. Wong regarding the Group as set out above and the change(s) to the composition of the Board (details of which are disclosed in the paragraph below headed "Proposed change to the Board Composition of the Company", the Offeror and Mr. Wong have no intention, understanding, negotiation, arrangement and agreements on expanding, downsizing, terminating or disposing of the existing business of the Company and have no intention to (i) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (ii) introduce any major changes in the existing operations and business of the Group.

LETTER FROM KINGSTON SECURITIES

Proposed change to the Board Composition of the Company

As at the Latest Practicable Date, the Board was made up of seven Directors, comprising Mr. Wong as the executive Director, Dr. Liu Hui, Mr. Chou Tsan-Hsiung and Mr. Yang Yi as the non-executive Directors and Dr. Li Jun, Mr. Chow Kin Wing and Mr. Tam Hon Wah as the independent non-executive Directors.

The Offeror intends to nominate new directors to the Board and such appointments will not take effect earlier than the date of posting of this Composite Document or such other date as permitted under Takeovers Code. As at the Latest Practicable Date, the Offeror is in the course of identifying additional candidates for the Board and has not reached any final decision as to who will be nominated and the final composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code, the Listing Rules and the articles of association of the Company, and a separate announcement will be made in this regard in accordance with the Listing Rules as and when appropriate.

Save for the change(s) to the composition of the Board as mentioned above, the Offeror has no intention to introduce any significant changes to the management of the Group, or to discontinue the employment of the employees or to change the composition of the Board.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offers. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise or apply any right which may be available to them to acquire compulsorily any Shares outstanding after the close of the Offers.

LETTER FROM KINGSTON SECURITIES

GENERAL

All documents and remittances to be sent to the Independent Shareholders and the Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders and the Optionholders at their respective addresses as they appear in the register of the members of the Company and in the case of joint Independent Shareholders, to such Independent Shareholders whose name appears first in the register of members of the Company (in respect of the Independent Shareholders) or the records of the Company (in respect of the Optionholders). The Offeror, the Offeror's Concert Parties, Kingston Securities, the Company, Kingston Corporate Finance, Veda Capital, Rainbow Capital, the Joint Independent Financial Advisers and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which forms part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Joint Independent Financial Advisers" and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

Executive Director:

Mr. Wong Chau Chi

Non-executive Directors:

Dr. Liu Hui

Mr. Chou Tsan-Hsiung

Mr. Yang Yi

Independent non-executive Directors:

Dr. Li Jun

Mr. Chow Kin Wing

Mr. Tam Hon Wah

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

Hong Kong

14 January 2022

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY



**FOR AND ON BEHALF OF CHI CAPITAL HOLDINGS LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
CMMB VISION HOLDINGS LIMITED AND FOR THE CANCELLATION
OF ALL THE OUTSTANDING OPTIONS OF CMMB VISION HOLDINGS
LIMITED (OTHER THAN THOSE ALREADY OWNED BY THE
OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, *inter alia*, the Offers.

LETTER FROM THE BOARD

On 26 November 2021 (after trading hours of the Stock Exchange), the Company has received a conversion notice from the Offeror for the exercise of the conversion rights attached to the Convertible Notes to exercise a total of 108,571,428 Partial Conversion Shares at HK\$0.35 per Conversion Share. The 108,571,428 Partial Conversion Shares have been issued to the Offeror on 30 November 2021. Furthermore, on 1 December 2021, the Company was also informed by the Offeror before trading hours of the Stock Exchange that the Offeror has purchased on the market an aggregate of 103,428,000 Sale Shares, representing approximately 21.58% of the total issued share capital of the Company as at the date of the Joint Announcement, through block trade transactions on the Stock Exchange during the pre-market opening session on 1 December 2021 at HK\$0.40 per Sale Share and completion took place simultaneously.

MANDATORY UNCONDITIONAL CASH OFFERS

Immediately prior to the Partial Conversion and the Completion, the Offeror and the Offeror's Concert Parties owned (i) an aggregate of 33,429,268 Shares, representing approximately 9.02% of the total issued share capital of the Company immediately before the allotment and issue of the Partial Conversion Shares; (ii) 270,000 Options; and (iii) the Convertible Notes. Immediately after the Partial Conversion, the Completion and as at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties are in aggregate interested in (i) 245,428,696 Shares, representing approximately 51.20% of the total issued share capital of the Company as at the date of the Latest Practicable Date; (ii) 270,000 Options; and (iii) the Convertible Notes in the outstanding amount of US\$60,115,681.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares and the Offer Options, being all the issued Shares and outstanding Options (other than those Shares and Options already owned by the Offeror and the Offeror's Concert Parties).

Principal terms of the Share Offer

Kingston Securities is on behalf of the Offeror and in compliance with the Takeovers Code, making the Share Offer to acquire all the Offer Shares on the terms to be set out in this Composite Document on the following basis:

For each Offer Share HK\$0.40 in cash

The Share Offer Price of HK\$0.40 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Purchases.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all encumbrances and together with all rights attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date on which the Share Offer is made, being the date of the Composite Document.

LETTER FROM THE BOARD

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Comparison of value

The Share Offer Price of HK\$0.40 per Offer Share represents:

- (i) a discount of 50.00% to the closing price of HK\$0.800 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.26% over the closing price of HK\$0.38 per Share quoted on the Stock Exchange on the Last Full Trading Day;
- (iv) a premium of approximately 3.90% over the average of the closing prices quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.385 per Share;
- (v) a premium of approximately 0.76% over the average of the closing prices quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.397 per Share;
- (vi) a discount of approximately 3.19% to the average of the closing prices quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.413 per Share;
- (vii) a discount of approximately 76.77% to the audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.7220 as at 31 December 2020, calculated based on the audited consolidated net assets attributable to the Shareholders of approximately US\$106,103,000 (equivalent to approximately HK\$825,481,340) as at 31 December 2020 and 479,374,860 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 73.03% to the unaudited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.4833 as at 30 June 2021, calculated based on the unaudited consolidated net assets attributable to the Shareholders of approximately US\$91,398,000 (equivalent to approximately HK\$711,076,440) as at 30 June 2021 and 479,374,860 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.830 per Share on 5 January 2022; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.228 per Share on 8 September 2021.

Principal terms of the Option Offer

Kingston Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Option Offer to the Optionholders (other than those Options already owned by the Offeror and the Offeror's Concert Parties) to cancel all outstanding Options. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Offer Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$0.30 and HK\$0.275, are below the Share Offer Price of HK\$0.40, the Offer Options are in-the-money and the Option Offer Prices are set at the see-through prices of HK\$0.10 and HK\$0.125 respectively.

For each of the 384,200 Offer Options with an exercise price of HK\$0.30 HK\$0.100 in cash

For each of the 1,445,000 Offer Options with an exercise price of HK\$0.275 HK\$0.125 in cash

The Option Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Further details regarding the Offers, including terms and procedures for acceptance of the Offers are set out in the "Letter from Kingston Securities" of this Composite Document and "Further Terms and Procedures for Acceptance of the Offers" as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Securities of the Company

As at the Latest Practicable Date, the Company has (i) 479,374,860 Shares in issue, (ii) 2,099,200 outstanding Options; and (iii) the Convertible Notes in outstanding amount of US\$60,115,681.

LETTER FROM THE BOARD

Save for the aforesaid, the Company does not have any outstanding options, warrants, derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board. The Company is an investment holding company and the Group is principally engaged in the provision of convergent mobile multimedia broadcasting, satellite infotainment multimedia technology and services for vehicles and maritime applications, and trading of printed circuit board.

Set out below is the summary of financial information of the Group for six months ended 30 June 2021 and the financial years ended 31 December 2019 and 2020 as extracted from the interim report of the Company for the six months ended 30 June 2021 and the annual report of the Company for the year ended 31 December 2020:

	For the six months ended 30 June 2021 US\$'000 (unaudited)	For the year ended 31 December 2020 2019 US\$'000 US\$'000 (audited) (audited)	
Revenue	2,582	3,876	7,153
Profit/(Loss) before taxation	(21,773)	(133,192)	(31,750)
Profit/(Loss) for the period attributable to the Shareholders	(17,956)	(127,700)	(28,404)
	As at 30 June 2021 US\$'000 (unaudited)	As at 31 December 2020 2019 US\$'000 US\$'000 (audited) (audited)	
Total assets	167,530	185,609	316,063
Total equity attributable to the Shareholders	91,398	106,103	227,553

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately after the Partial Conversion but before Completion; and (ii) immediately after the Completion and as at the Latest Practicable Date:

Shareholders	Immediately after the Partial Conversion but before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate shareholding %</i>	<i>Number of Shares</i>	<i>Approximate shareholding %</i>
The Offeror and the Offeror's Concert Parties				
The Offeror	142,000,696	29.62	245,428,696	51.20
Subtotal	142,000,696	29.62	245,428,696	51.20
Other public Shareholders	<u>337,374,164</u>	<u>70.38</u>	<u>233,946,164</u>	<u>48.80</u>
TOTAL	<u>479,374,860</u>	<u>100.00</u>	<u>479,374,860</u>	<u>100.00</u>

INFORMATION OF THE OFFEROR

Your attention is drawn to the paragraph headed “Information of the Offeror” in the “Letter from Kingston Securities” and “Appendix II – General information of the Offeror” to this Composite Document.

INTENTION OF THE OFFEROR ON THE GROUP

Your attention is drawn to the paragraphs headed “Intention of the Offeror on the Group” and “Proposed change to the Board Composition of the Company” in the “Letter from Kingston Securities” as set out in this Composite Document. The Board noted that other than the intention of the Offeror and Mr. Wong as set out in such foregoing paragraphs, the Offeror and Mr. Wong have no intention to (i) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (ii) introduce any major changes in the existing operations and business of the Group, and the Offeror has no intention to introduce any significant changes to the management of the Group, or to discontinue the employment of the employees or to change the composition of the Board. The Board also noted that the Offeror and Mr. Wong intend to continue to pursue and enhance the development of current business of the Group and to create greater value for the Shareholders. The Board is willing to render reasonable co-operation to the Offeror if it considers that it is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Board (excluding Mr. Wong, who is the sole director and beneficial owner of the Offeror) is of the view that the Offeror's intentions in relation to the Group and its employees are reasonable as it would ensure continuity and stability of the Group's business operations going forward. Furthermore, such intentions of the Offeror are not expected to have a material adverse impact on the existing businesses of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offers. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers.

INDEPENDENT BOARD COMMITTEE

Rule 2.1 of the Takeovers Code requires the Company to establish an independent committee of the Board to give a recommendation to the Independent Shareholders and Optionholders as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers, and Rule 2.8 of the Takeovers Code requires that such independent committee should comprise all the non-executive Directors who have no direct or indirect interest in the Offers other than as a Shareholder.

The Independent Board Committee, comprising (i) Dr. Liu Hui, Mr. Chou Tsan-Hsiung and Mr. Yang Yi as non-executive Directors; and (ii) Dr. Li Jun, Mr. Chow Kin Wing and Mr. Tam Hon Wah as independent non-executive Directors, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give recommendation to the Independent Shareholders and Optionholders as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers.

LETTER FROM THE BOARD

APPOINTMENT OF JOINT INDEPENDENT FINANCIAL ADVISERS

Centurion and CNI have been appointed to jointly advise the Independent Board Committee in respect of the Offers, and in particular, as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers. The appointments of Centurion and CNI have been approved by the Independent Board Committee.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders and Optionholders and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offers.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and the Joint Independent Financial Advisers, respectively, which set out their recommendations and opinions in relation to the Offers and the principal factors considered by them before arriving at their recommendations. The Board (excluding Mr. Wong, who is the sole director and beneficial owner of the Offeror) unanimously recommends the Independent Shareholders and Optionholders to accept the Offers.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

14 January 2022

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY



**FOR AND ON BEHALF OF CHI CAPITAL HOLDINGS LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
CMMB VISION HOLDINGS LIMITED AND FOR THE CANCELLATION
OF ALL THE OUTSTANDING OPTIONS OF CMMB VISION HOLDINGS
LIMITED (OTHER THAN THOSE ALREADY OWNED BY THE
OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to this Composite Document dated 14 January 2022 jointly issued by the Company and the Offeror, of which this letter forms part. Unless specified otherwise, terms used in this letter shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and to make a recommendation as to acceptance of the Offers.

Centurion and CNI have been appointed, with our approval, as the Joint Independent Financial Advisers to advise us in respect of the terms of the Offers and as to acceptance of the Offers. Your attention is drawn to the "Letter from the Joint Independent Financial Advisers" as set out on pages 29 to 68 in this Composite Document containing their advice to us and the principal factors and reasons taken into consideration by them in arriving at their recommendations in respect of the Offers.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from Kingston Securities” set out on pages 8 to 18 of this Composite Document and the “Letter from the Board” as set out on pages 19 to 26 of this Composite Document as well as the additional information set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance in respect of the terms of the Offers and acceptance and settlement procedures for the Offers.

RECOMMENDATION

Having considered the terms of the Offers, the information contained in this Composite Document and the principal factors and reasons considered by, and the independent advice of the Joint Independent Financial Advisers, as set out in its letter of advice, we consider that the terms of the Share Offer are fair and reasonable. Accordingly, we recommend the Independent Shareholders to accept the Share Offer. For the Option Offer, as the Option Offer Price on a see-through basis is considered to be fair and reasonable, the Option Offer is fair and reasonable accordingly. We recommend the Optionholders to accept the Option Offer.

Notwithstanding our recommendation, the Independent Shareholders and the Optionholders should consider carefully the terms of the Offers and then decide whether or not to accept the Offers. You are strongly recommended to read the full text of the “Letter from the Joint Independent Financial Advisers” as set out in this Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Dr. Liu Hui

Mr. Chou Tsan-Hsiung
non-executive Directors

Mr. Yang Yi

Dr. Li Jun

Mr. Chow Kin Wing
independent non-executive Directors

Mr. Tam Hon Wah

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The following is the text of the letter of advice to the Independent Board Committee from Centurion Corporate Finance Limited and CNI Global Capital Limited dated 14 January 2022 for incorporation in the Composite Document:–



CENTURION CORPORATE FINANCE LIMITED

7th Floor, Duke Wellington House
14-24 Wellington Street
Central
Hong Kong



中國北方環球資本有限公司

CNI GLOBAL CAPITAL LIMITED

Unit C, 36/F, China Online Centre
333 Lockhart Road
Wan Chai
Hong Kong

14 January 2022

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

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
KINGSTON SECURITIES LIMITED FOR AND
ON BEHALF OF CHI CAPITAL HOLDINGS LTD TO ACQUIRE
ALL THE ISSUED SHARES OF CMMB VISION HOLDINGS LIMITED
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
CMMB VISION HOLDINGS LIMITED (OTHER THAN
THOSE ALREADY OWNED BY THE OFFEROR AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Joint Independent Financial Advisers to advise the Independent Board Committee with respect to the Share Offer and the Option Offer (collectively the Offers), details of which are outlined in the Composite Document jointly issued by the Company and the Offeror to all Independent Shareholders and Optionholders dated 14 January 2022 of which this letter forms a part. The Composite Document and the accompanying Forms of Acceptance together set out the terms of, and certain other information relating to, the Offers.

We have been appointed to give an opinion as to (i) whether the terms of the Offers are fair and reasonable in so far as the Independent Shareholders and the Optionholders are concerned; and (ii) the acceptance or rejection of the Offers. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

On 26 November 2021 (after trading hours of the Stock Exchange), the Company received a conversion notice from the Offeror for the exercise of the conversion rights attached to the Convertible Notes to exercise a total of 108,571,428 Partial Conversion Shares at HK\$0.35 per Conversion Share. The 108,571,428 Partial Conversion Shares have been issued to the Offeror on 30 November 2021.

Furthermore, on 1 December 2021, the Company was also informed by the Offeror before the trading hours of the Stock Exchange that the Offeror purchased on the market an aggregate of 103,428,000 Sale Shares, representing approximately 21.58% of the total issued share capital of the Company as at 7 December 2021, through block trade transactions on the Stock Exchange during the pre-market opening session on 1 December 2021 at HK\$0.40 per Sale Share and Completion took place simultaneously.

Immediately prior to the Partial Conversion and the Completion, the Offeror and the Offeror's Concert Parties owned (i) an aggregate of 33,429,268 Shares, representing approximately 9.02% of the total issued share capital of the Company immediately before the allotment and issue of the Partial Conversion Shares; (ii) 270,000 Options; and (iii) the Convertible Notes. Immediately after the Partial Conversion, such 9.02% shareholding was increased to 29.62%. Following the Completion and as at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties are in aggregate interested in (i) 245,428,696 Shares, representing approximately 51.20% of the total issued share capital of the Company; (ii) 270,000 Options; and (iii) the Convertible Notes in the outstanding amount of US\$60,115,681. The Completion triggered the Share Offer under Rule 26.1 of the Takeovers Code and the Offeror is required to make the Share Offer. The Offeror is also required to make the Option Offer under Rule 13 of the Takeovers Code.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising (i) Dr. Liu Hui, Mr. Chou Tsan-Hsiung and Mr. Yang Yi as non-executive Directors; and (ii) Dr. Li Jun, Mr. Chow Kin Wing and Mr. Tam Hon Wah as independent non-executive Directors, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give recommendation to the Independent Shareholders and Optionholders as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

THE JOINT INDEPENDENT FINANCIAL ADVISERS

We are not associated with either the Offeror or the vendors of the Sale Shares, or any of their respective parties acting, or presumed to be acting, in concert with any of them. Therefore, we are considered suitable to give our letter of independent advice on the terms of the Offers. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Offeror or the vendors of the Sale Shares, or any of their parties acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information and facts supplied, opinions and representations contained or referred to in the Composite Document and/or provided to us by the Company, the Directors and the management of the Group. We have assumed that all views, opinions and statements of intention provided by the Directors and the management of the Group have been arrived at after due and careful enquiry.

We have reviewed the information of the Company, including but not limited to the announcements of the Company, the annual reports for the years ended 31 December 2019 (the “**2019 Annual Report**”) and 31 December 2020 (the “**2020 Annual Report**”), the interim report for the six months ended 30 June 2021 (the “**2021 Interim Report**”), the latest unaudited consolidated management accounts and other financial information of the Group, the information contained in the Composite Document and certain published information from the public domain. We have sought and received confirmation from the Directors and the management of the Group that no material information has been omitted or withheld from the information supplied and opinions expressed by them. The Company will notify Shareholders of any material changes during the Offer Period as soon as possible in accordance with Rule 9.1 of the Takeovers Code. Shareholders will also be informed by us as soon as possible if we become aware of any material changes for the information contained or referred to herein or to our opinion throughout the Offer Period.

We consider that the information which we have received is sufficient for us to reach our opinion and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information provided. We have also assumed that the representations contained or referred to in the Composite Document are true at the time they were made and at the date of the Composite Document.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

We have not considered the tax consequences on the Independent Shareholders and the Optionholders accepting or not accepting the Offers since these are particular to their individual circumstances. It should therefore be noted that we will not accept responsibility for any tax effect on, or liability of, any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, the Independent Shareholders and the Optionholders who, being residents overseas, are subject to overseas taxes or Hong Kong taxes on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

This letter of independent advice is issued for the information of the Independent Board Committee solely in connection with their consideration of the terms of the Offers, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL TERMS OF THE OFFERS

Kingston Securities is unconditionally making the Offers, for and on behalf of the Offeror, on the terms as set out in the Composite Document (including, without limitation, the further terms of the Offers set out in Appendix I to the Composite Document) and in the accompanying Forms of Acceptance, to acquire 233,946,164 Offer Shares from the Independent Shareholders, and the Option Offer to cancel the Offer Options entitling holders thereof to subscribe for up to 1,829,200 new Shares issuable upon the exercise of such Offer Options, on the bases as set out below.

The Share Offer Price and the Option Offer Price are set out in the “Letter from Kingston Securities” in the Composite Document.

1. Share Offer Price/Option Offer Price

The Share Offer

for each Offer Share **HK\$0.40 in cash**

The Option Offer

for cancellation of each of the 384,200 outstanding

Offer Options with an exercise price of HK\$0.30 **HK\$0.10 in cash**

for cancellation of each of the 1,445,000 outstanding

Offer Options with an exercise price of HK\$0.275 **HK\$0.125 in cash**

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

2. The Offers are unconditional

The Offers are unconditional in all respects and are made on 14 January 2022, the date of the Composite Document, and are capable of acceptance on and from that date until the Closing Date.

Further details of the terms of the Offers and the procedures of acceptance and settlement of the Offers are set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance. Further details of the Offers are also set out in the “Letter from Kingston Securities” in the Composite Document.

3. Effect of acceptance of the Offers and right of withdrawal

Acceptance of the Share Offer by any Independent Shareholder will constitute a warranty by such person that all the Offer Shares to be sold by such person under the Share Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend, the record date of which falls on or after the expected date of despatch of the Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offers. Furthermore, there was no dividend declared but unpaid as at the Latest Practicable Date.

By accepting the Option Offer, the Offer Options tendered by the Optionholders will be cancelled and renounced together with all rights attaching or accruing thereto.

The Offers are unconditional in all respects and will remain open for acceptance from the date of the Composite Document until 4:00 p.m. on the Closing Date. Acceptances of the Offers shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code. For further details, please refer to section 6 headed “RIGHT OF WITHDRAWAL” in Appendix I to the Composite Document.

4. Overseas Shareholders and Optionholders

Overseas Shareholders and Optionholders should carefully read the section 8 headed “OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS” in Appendix I to the Composite Document.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

1.1 Principal activities

The Company was incorporated under the laws of the Cayman Islands with limited liability and the issued Shares are listed on the Main Board. The Company is an investment holding company and the Group is principally engaged in the provision of convergent mobile multimedia broadcasting (“**CMMB**”); trading of printed circuit board materials (“**PCB**”); and satellite infotainment multimedia technology and services for vehicles and maritime applications carried out by Silkwave Holdings Limited, a 20%-owned associate of the Company (“**Silkwave**”).

1.2 Summary of the Group’s past results and segment revenues

Set out below are (i) audited consolidated statement of profit or loss of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020 respectively (“**FY2018**”, “**FY2019**” and “**FY2020**”, respectively) as extracted from the 2019 Annual Report and 2020 Annual Report; and (ii) the unaudited consolidated statement of profit or loss of the Group for each of the six months ended 30 June 2020 and 30 June 2021 respectively (“**IP2020**” and “**IP2021**”, respectively) as extracted from the 2021 Interim Report:

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Table A: Past results highlights of the Group

	FY2020	FY2019	FY2018	IP2021	IP2020
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	3,876	7,153	6,470	2,582	3,026
<i>CMMB business</i>	<i>1,968</i>	<i>4,039</i>	<i>3,639</i>	<i>1,109</i>	<i>2,127</i>
<i>Trading of PCB</i>	<i>1,908</i>	<i>3,114</i>	<i>2,831</i>	<i>1,473</i>	<i>899</i>
Cost of sales	(3,274)	(4,379)	(4,015)	(1,471)	(1,640)
Gross Profit	602	2,774	2,455	1,111	1,386
Gross profit margin	15.5%	38.8%	37.9%	43.0%	45.8%
Share of results of an associate	(99,450)	(8,680)	(5,369)	(9,341)	(6,578)
Impairment loss recognized on intangible assets	(24,275)	(16,933)	(9,091)	(8,700)	(7,000)
Profit/(Loss) for the year/ period attributable to Shareholders	(127,700)	(28,404)	24,808	(17,956)	(14,864)
(Loss)/earnings per Share (US cents per Share)	(52.75)	(17.36)	18.75	(6.04)	(7.00)
Dividend per Share	Nil	Nil	Nil	Nil	Nil
Price-to-Sales (revenue) Note	6.36 times				

Note: The implied market capitalization of the Group was calculated based on the Share Offer Price and the number of issued Shares as at the Latest Practicable Date. The Implied Price-to-Sales multiple of the Group was determined based on the implied market capitalization divided by the Group's revenue.

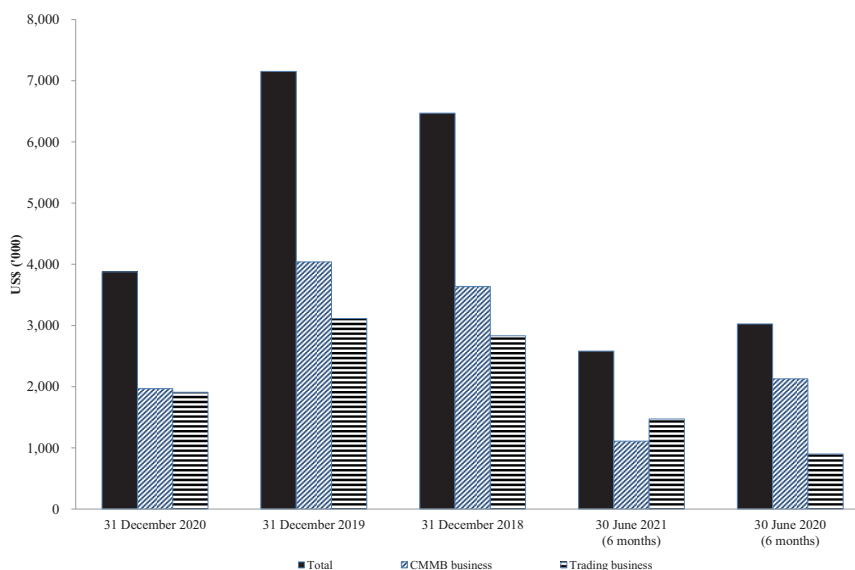
Source: the Company's annual reports and interim report (www.cmmbvision.com)

Given the Group was at a loss attributable to Shareholders for FY2020, rendering a price-to-earnings multiple analysis not applicable, we have hence performed a price-to-sales and a price-to-book multiple analyses in this letter of independent advice. Such analyses are commonly adopted analyses on listed companies, in the absence of profitability.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The following chart summaries the contributions of the Group’s two operating segments to its total revenue.

Chart I: Segment split by “CMMB business” and “Trading business” of the Group



Note: For specific amounts of total revenue and segment split illustrated in the chart above, please refer to Table A

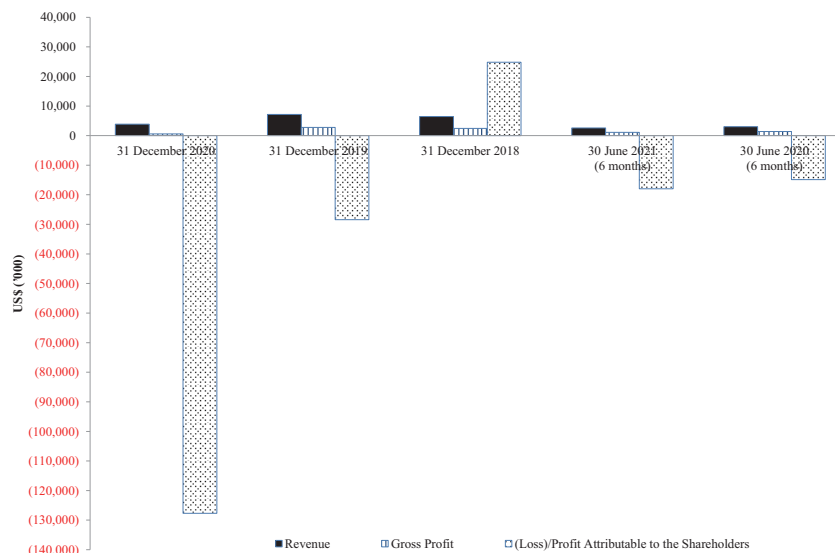
Source: the Company’s annual reports and interim report (www.cmmbvision.com)

As set out in the 2020 Annual Report, the Group’s CMMB business has a portfolio of 9 UHF spectrum television stations capacity rights in the U.S., situated over seven large metropolitan cities. For the year ended 31 December 2020, segment contribution from the CMMB business and trading of PCB business accounted for approximately 51% and 49% respectively of the total revenue of the Group. As set out in Chart I above, for FY2018 and FY2019, CMMB business had a larger contribution to the revenue of the Group, accounting for approximately 56% for each of FY2018 and FY2019. This was due to a relatively larger drop in TV rental income for FY2020, details of which are set out in the sub-section headed “FY2020 compared to FY2019” in section 1.3 below.

1.3 Past results comparisons

The following chart gives an overview of the Group’s revenue, gross profit and (loss)/profit attributable to Shareholders for the past three years ended 31 December 2020 and for the six months period ended 30 June 2021 and 2020 respectively.

Chart II: An overview of the Group’s revenue, gross profit and (loss)/profit attributable to the Shareholders



Note: For specific amounts of total revenue, gross profit and profit/(loss) attributable to Shareholders illustrated in the chart above, please refer to Table A

Source: the Company’s annual reports and interim report (www.cmmvision.com)

FY2019 compared to FY2018

For FY2019, the Group generated from the provision of transmission and broadcasting of television programs and trading of PCB a revenue of approximately US\$7,153,000, representing an increase of approximately US\$683,000 or approximately 10.6% from FY2018 of approximately US\$6,470,000 due mainly to an increase in TV rental income and trading of PCB by approximately US\$400,000 and approximately US\$283,000 respectively.

Gross profit of the Group increased by 13.0% from approximately US\$2,455,000 in FY2018 to approximately US\$2,774,000 in FY2019 primarily attributed to an increase in TV rental income while the contribution from the trading of PCB to the gross profit for FY2019 was insignificant.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The Group recorded a loss attributable to Shareholders of approximately US\$28,404,000 for FY2019 as compared to a profit of approximately US\$24,808,000 for FY2018 due mainly to the following:

- (i) The impairment loss recognized on intangible assets for FY2019 was approximately US\$16,933,000, an increase of 86.3% from FY2018 of approximately US\$9,091,000, as management of the Group determined that the recoverable amount was lower than the carrying amount of the cash generating units arising from intangible assets by reference to a value-in-use calculation, which had been consistently applied for FY2019 and FY2018 respectively. It was further disclosed in the 2019 Annual Report the fair value less cost of disposal was not available as the Federal Communications Commission closed the auction for the sale of TV spectrum since 2017 and had yet to announce future sale plans opening up;
- (ii) The Company shared a loss of approximately US\$8,680,000 for FY2019, an increase of 61.7% from FY2018 of approximately US\$5,369,000, on its 20% interest in Silkwave. The date of completion of the acquisition of a 20% interest in Silkwave was 29 May 2018 and since then Silkwave has been and will continue to be responsible for collaborating with original equipment manufacturers in the auto-manufacturing sector to design-in for pre-installing the Group's technology into new cars and partner with other academic research and development centers to enhance and promote the Group's technology; and
- (iii) Gain on disposal of a 49% interest in Global Vision Media Technology Co. Ltd. as part of the consideration for the aforesaid acquisition of a 20% interest in Silkwave which amounted to approximately US\$42,829,000 in FY2018 and there was no such gain in FY2019.

FY2020 compared to FY2019

For FY2020, the Group generated from the provision of transmission and broadcasting of television programs and trading of PCB of approximately US\$3,876,000, a decrease of approximately US\$3,277,000 or approximately 45.8% as compared to approximately US\$7,153,000 for FY2019 due mainly to a decrease in TV rental income and trading of PCB by approximately US\$2,303,000 and US\$1,206,000 respectively.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Gross profit decreased by approximately 78.3% from approximately US\$2,774,000 in FY2019 to approximately US\$602,000 in FY2020, primarily attributable to a decrease in TV rental income by approximately US\$2,303,000.

The Group recorded a loss attributable to Shareholders for FY2020 of approximately US\$127,700,000 an increase of approximately US\$99,296,000 or approximately 349.6% as compared to approximately US\$28,404,000 for FY2019 due mainly to the following:

- (i) The Company shared a loss of approximately US\$99,450,000 (2019: approximately US\$8,680,000) for its 20% interest in Silkwave which was primarily due to the delay of regulatory approval for the Silkwave group to deploy commercial services in China and prolonged fund-raising for constructing new satellite for mass-market commercial rollout due to COVID-19; and
- (ii) The Company conducted an impairment assessment on the spectrum usage and determined that for FY2020, there was an impairment loss of US\$24,275,000 (2019: US\$16,933,000) recognized for the intangible assets as represented by the spectrum usage rights by reference to the value-in-use calculation, which has been consistently applied for the year ended 31 December 2019 and 2018 respectively.

IP2021 compared to IP2020

As stated in the 2021 Interim Report, for the IP2021, the Group's revenue was approximately US\$2,582,000 (IP2020: approximately US\$3,026,000). The decrease in revenue of US\$444,000 was mainly due to the increase in trading of PCB by approximately US\$574,000 and decrease in TV rental income of approximately US\$1,018,000.

Gross profit decreased from approximately US\$1,386,000 for IP2020 to approximately US\$1,111,000 for IP2021, which arose primarily from lower broadcasting service income.

The Group recorded a loss attributable to Shareholders of approximately US\$17,956,000 for IP2021 as compared to a loss of approximately US\$14,864,000 for IP2020, an increase of approximately US\$3,092,000 or approximately 20.19% due mainly to an increase in share of loss of approximately US\$2,763,000 for the Group's 20% interest in Silkwave and an increase of approximately US\$1,700,000 over the impairment loss recognized on intangible assets.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

1.4 Summary of the Group's past financial positions

Set out below is the summary of the audited consolidated statements of financial position of the Group as at 31 December 2018, 2019 and 2020 respectively and unaudited consolidated statements of financial position as at 30 June 2020 and 2021 respectively as extracted from the 2019 Annual Report, 2020 Annual Report, 2020 Interim Report and 2021 Interim Report:

Table B: Past financial highlights of the Group

	As at 31 December			As at 30 June	
	2020	2019	2018	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Non-current assets:					
Property, plant and equipment	213	367	562	144	278
Intangible assets	54,715	80,564	97,497	46,015	73,564
Interests in an associate	124,865	224,301	232,981	115,510	217,723
Financial asset at fair value through profit or loss	–	1,050	1,650	–	1,050
Rights-of-use assets	297	478	–	165	417
	<u>180,090</u>	<u>306,760</u>	<u>332,690</u>	<u>161,834</u>	<u>293,032</u>
Current assets:					
Trade and other receivables	970	1,352	1,487	528	939
Amount due from a related company	2,212	6,662	9,131	2,564	2,538
Amount due from an associate	890	947	64	1,560	797
Bank balance and cash	447	342	2,360	1,044	1,724
Assets classified as held for sale	1,000	–	–	–	–
	<u>5,519</u>	<u>9,303</u>	<u>13,042</u>	<u>5,696</u>	<u>5,998</u>
Total assets	<u>185,609</u>	<u>316,063</u>	<u>345,732</u>	<u>167,530</u>	<u>299,030</u>
Current liabilities:					
Trade and other payables	5,998	3,873	3,970	5,441	3,655
Amount due to shareholders	1,932	12,992	4,039	68	6,698
Lease liabilities	309	236	–	174	299
Tax payable	339	339	222	338	574
	<u>8,578</u>	<u>17,440</u>	<u>8,231</u>	<u>6,021</u>	<u>11,226</u>
Net current (liabilities)/assets	<u>(3,059)</u>	<u>(8,137)</u>	<u>4,811</u>	<u>(325)</u>	<u>(5,228)</u>

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

	As at 31 December			As at 30 June	
	2020	2019	2018	2021	2020
	US\$'000 (audited)	US\$'000 (audited)	US\$'000 (audited)	US\$'000 (unaudited)	US\$'000 (unaudited)
Non-current liabilities:					
Convertible notes	53,373	47,773	51,668	56,390	50,481
Lease liabilities	33	283	–	16	182
	<u>53,406</u>	<u>48,056</u>	<u>51,668</u>	<u>56,406</u>	<u>50,663</u>
Net assets	<u>123,625</u>	<u>250,567</u>	<u>285,833</u>	<u>105,103</u>	<u>237,141</u>
Equity attributable to Shareholders	106,103	227,553	259,356	91,398	215,428
Non-controlling interests	17,522	23,014	26,477	13,705	21,713
Total equity	<u>123,625</u>	<u>250,567</u>	<u>285,833</u>	<u>105,103</u>	<u>237,141</u>
Net asset value per Share (US\$) <i>(Note 1)</i>	<u>0.382</u>	<u>1.204</u>	<u>0.084</u>	<u>0.254</u>	<u>0.949</u>
Net asset value per Share (HK\$) <i>(Note 2)</i>	<u>2.970</u>	<u>9.367</u>	<u>0.654</u>	<u>1.976</u>	<u>7.383</u>
Price-to-Book (net asset value) as represented by the Share Offer Price <i>(Note 3)</i>				0.20 times	
Price-to-Book (net asset value) as represented by the closing Share price as at Latest Practicable Date <i>(Note 3)</i>				0.40 times	

Notes:

1. Net asset value per Share was calculated using the total equity attributable to Shareholders as at the respective financial period end divided by the then total number of Shares outstanding. Net asset value per Share as at 30 June 2021 was calculated using the then total number of shares outstanding as at 30 June 2021 which was 360,512,332 Shares. Whilst the total number of Shares subsequently increased to 479,374,860 Shares on the Last Full Trading Day, due to the issue of new Shares under the Partial Conversion and the exercise of Options, such increased number of issued Shares was not used in the net asset value per Share calculation for the price-to-book analyses set out herein.
2. The exchange rate of US\$1 = HK\$7.78 (used throughout this letter).
3. Price-to-book multiple was calculated based on the Share Offer Price and closing price per Share on the Latest Practicable Date and divided by its unaudited net asset value per Share as set out in the 2021 Interim Report and as calculated using method set out under Note 1 above.

Source: the Company's annual reports and interim report (www.cmmbvvision.com)

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

As at 31 December 2020

As at 31 December 2020, the Group had net current liabilities of approximately US\$3,059,000, representing a decrease of approximately US\$5,078,000 as compared to that of approximately US\$8,137,000 as at 31 December 2019 due mainly to an increase in cash by means of the following:

- (i) net proceeds of approximately HK\$23,500,000 (or approximately US\$3,021,000) was raised from the rights issue as set out in the Company's announcement dated 10 March 2020; and
- (ii) a placing of 45,412,880 new Shares under the Company's general mandate for an aggregate net proceeds of approximately HK\$22,630,000 (or approximately US\$2,909,000) as set out in the Company's announcement dated 2 July 2020.

Notwithstanding the aforesaid decrease in net current liabilities position, the independent auditor of the Company expressed in its audit opinion over the consolidated financial statements of the Company for the year ended 31 December 2020 (the "**2020 Audit Opinion**") that the net current liabilities position indicated the existence of a material uncertainty that might cast significant doubt on the Group's ability to continue as a going concern.

An impairment review of the intangible assets was also identified as a key audit matter in the 2020 Audit Opinion due to the significant judgements and assumptions about the future performance of the spectrum usage involved in the management's impairment review process. As set out in Note 18 and Note 20 to the consolidated financial statements, the Group owned intangible assets held by subsidiaries of approximately US\$54,715,000 and an associate of approximately US\$582,000,000 as at 31 December 2020. The intangible asset represents the spectrum usage rights held by the Group's subsidiaries in the United States and the satellite intangible assets, including right to occupy the orbit slot and broadcast spectrum held by an associate. There was an impairment loss of approximately US\$24,275,000 for the spectrum usage rights and the satellite intangible assets of approximately US\$89,408,000 after taking into account the share of results of Silkwave, a 20%-owned associate, which were recognized as the consolidated profit or loss and other comprehensive income in FY2020.

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Net assets attributable to Shareholders as at 31 December 2020 amounted to approximately US\$106,103,000. Based on 277,925,277 Shares in issue as at 31 December 2020, the net asset value per Share as at 31 December 2020 amounted to approximately US\$0.382, representing approximately 68.3% decrease from approximately US\$1.204 per Share as at 31 December 2019 calculated using the number of issued Shares of 189,079,970 as at 31 December 2019. The decrease was due mainly to the loss attributable to Shareholders of approximately US\$127,700,000 for the year ended 31 December 2020 and the placing of new Shares as discussed above at a price below the net assets value per Share of the Company as at 31 December 2019 during the year ended 31 December 2020.

As at 30 June 2021

As at 30 June 2021, the Group's net current liabilities decreased from approximately US\$3,059,000 as at 31 December 2020 to approximately US\$325,000, a decrease of approximately US\$2,734,000 or approximately 89.4% due mainly to an increase in cash from an issue of 58,342,055 new Shares under general mandate of the Company for an aggregate net proceeds of approximately HK\$20,343,279 (or approximately US\$2,614,800) as set out in the Company's announcement dated 24 May 2021.

The net assets attributable to Shareholders amounted to approximately US\$91,398,000 as at 30 June 2021. Based on 360,512,332 Shares in issue as at 30 June 2021, the net asset value per Share as at 30 June 2021 amounted to approximately US\$0.254, representing a 33.5% decrease from approximately US\$0.382 per Share as at 31 December 2020. The decrease was due mainly to the loss attributable to Shareholders of approximately US\$17,956,000 for the six months ended 30 June 2021 and the issue of new Shares as discussed above at a price below the net assets value per Share as at 31 December 2020 during the six months ended 30 June 2021.

2. Information on the Offeror, its intentions and future prospects of the Group

2.1 The Offeror and its intentions

As set out in the "Letter from Kingston Securities", the Offeror is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Mr. Wong, who is also the sole director of the Offeror, the chief executive of the Group, an executive Director and the chairman of the Board. Mr. Wong, aged 57, was appointed as an executive Director since May 2007 and for details of Mr. Wong's background, please refer to "Letter from Kingston Securities".

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As stated in the “Letter from Kingston Securities”, it is the intention of the Offeror and Mr. Wong that the Group’s existing principal activities will be maintained after the close of the Offers. Following the close of the Offers, the Offeror and Mr. Wong intend to continue to pursue and enhance the development of the current business of the Group and to create greater value for the Shareholders, including but not limited to (i) digital upgrade and enhanced spectral efficiency of ATSC 3.0 which will enable the Company to accommodate more lucrative high-definition programming instead of the traditional high-definition linear television in order to revamp and embolden its CMMB digital broadcasting and data-casting business in the United States. It can accommodate high-definition and wide screen viewing, also accommodate targeted advertising add-on and video-on-demand services in order to increase profitability from more sophisticated programming; (ii) following the completion of the digital upgrade, utilize the upgraded capacity of stations by working with non-traditional high-definition programmers to capitalize the benefit after the digital upgrade in order to offer better quality and service to current customers and potentially expanding the customer base and also continue to work with local business partners to maintain the core-competence and profitability in the long run; (iii) by leveraging the existing PCB trading knowledge and connection, expanding the contract-manufacturing based PCB business into more sophisticated components and product solutions in the area of artificial intelligence, robotic, and wireless digital electronics; and (iv) integrating and leveraging expertise and access in multimedia, mobile Internet, and satellite to better provide value-added services for connected-car infotainment and mobile multimedia delivery in the PRC and Asia. The Company will continue to explore cooperation opportunity with local business partners across the Asia region.

Save for the above and as at the Latest Practicable Date, no investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group, other than those conducted by the Company in its ordinary course of business and/or those which are immaterial in nature.

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Save as in connection with the intention of the Offeror and Mr. Wong regarding the Group as set out above and the proposed change(s) to the composition of the Board (details of which are disclosed in the paragraph headed “Proposed change to the Board Composition of the Company” in the “Letter from Kingston Securities”), the Offeror and Mr. Wong have no intention, understanding, negotiation, arrangement and agreements on expanding, downsizing, terminating or disposing of the existing business of the Company and have no intention to (i) discontinue the employment of any employees of the Group or change the composition of the Board; (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group.

2.2. Effects on the shareholding and control of the Company

After the Partial Conversion and the Completion, the Offeror and the Offeror’s Concert Parties are in aggregate interested in 245,428,696 Shares, representing approximately 51.20% of the total issued share capital of the Company as at the Latest Practicable Date. Mr. Wong, being the Chairman, the controlling Shareholder and largest creditor of the Company, has both management and Board control of the Company.

Given Mr. Wong’s background and connections in the financial circle, in particular his extensive experience in finance, technology and industrial management, details of which are set out in the section headed “Information Of The Offeror” in the “Letter from Kingston Securities”, the absolute equity control Mr. Wong acquired under the Partial Conversion Shares and the Sale Shares will likely create a positive image of, and add benefit to, the Group with Mr. Wong now being the controlling Shareholder of the Company. This may be a positive factor for the future fund raising exercise and business development of the Company as Mr. Wong, being a controlling Shareholder, his interest is now likely to be perceived by the capital market participants to be better aligned with the interests of other Shareholders and the Company as a whole.

2.3 Future prospect of the Group's principal businesses

CMMB Business

As discussed in the 2021 Interim Report, the Group's LPTV business remains sluggish during the pandemic and upgrading progress. The digital upgrade process has been severely impacted by the pandemic, which in turn delayed equipment manufacturing, shipment schedules, engineering and installation work, onsite building access and testing etc.

Based on a report by CNN dated 20 December 2021 (website: <https://edition.cnn.com/2021/12/19/health/us-coronavirus-Sunday/index.html>), according to the World Health Organization, Omicron cases are doubling every 1.5 to 3 days with documented spread. And in the U.S., it is expected to become the "dominant strain" in the coming weeks, the director of the U.S. Centers for Disease Control and Prevention said.

The U.S. is now facing a resurgent coronavirus as the pandemic marches into its third year: The country was averaging 126,967 new cases per day in December 2021, according to data from Johns Hopkins University – up from an average of just over 70,000 new cases per day at the beginning of November 2021.

It is uncertain as to when the COVID-19 pandemic situation will subside and the global economy will be setting foot for a progressive recovery, we are of the view that this may create continued negative impact and/or uncertainty over the CMMB business.

PCB trading

As discussed in the 2021 Interim Report, the PCB trading business suffered from the pandemic impact, such as delayed production, shipment, and drop in order flow. In addition, the Group is also facing intense competition for the increasingly commoditized PCB segment the Group has been in. To overcome the challenge, especially to move away from traditional PCB products, the Company has been looking to expand to other PCB component opportunities, such as the new-generation auto electronics components, which the Company can leverage its connected-car multimedia enterprise and market access to procure higher value-added business orders. In addition, the Company is also looking to branch AI-based consumer digital electronic components and already, the Company is in discussion with some new customers.

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The Company's PCB may continue to be affected by the pandemic situation as discussed above. Nevertheless, there is still possible good prospect on the PCB market based on the report below.

Based on a report provided by Technavio of 1 December 2021 (website:- <https://www.prnewswire.com/news-releases/printed-circuit-board-pcb-market-size-to-grow-by-usd-12-86-bn-rising-adoption-of-smartphones-to-boost-market-growth-17-000-technavio-research-reports-301434184.html>) (Note: Technavio is a leading global market research company with a key focus on emerging technology market trends), the potential growth difference for the PCB market between 2020 and 2025 is US\$12.86 billion. The market momentum is anticipated to witness an accelerating CAGR of 3.60% during the forecast period, as per the latest PCB market report analysis by Technavio. The rising adoption of smartphones is one of the crucial factors driving the PCB market growth. The global adoption of smartphones is expected to rise rapidly owing to the availability of low-cost smartphones and increased global Internet penetration. Emerging economies including India and China are emerging as the key markets for smartphones due to the increased disposable income of the considerably high population in these economies. Thus, increasing smartphone shipments will further fuel the demand for PCB integration. In addition, other factors such as the growing demand for IoT devices is further expected to influence the market positively in the forthcoming years.

Infotainment development

As discussed in the 2021 Interim Report, the infotainment operation is carried out by Silkwave, the 20%-owned associate of the Company, to which the Company plays the role of a dedicated technology and application service provider. There has been no significant development of the business since the published 2020 Annual Report. The Group is still awaiting Chinese regulatory approval for Silkwave to deploy commercial services in China. In the meantime, the Company has been exploring to provide similar services in Southeast Asia through leveraging its satellite capacity access and ecosystem technology developed in China.

As this type of business is unique to the Group and we are unable to find any useful data and/or information which may give an indication of the potential of the business, we are unable to give any comments on the future prospect of this line of business of the Group.

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3. Maintaining the listing status of the Company

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offers. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offers, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until a sufficient public float exists in the Shares. Under such a trading suspension scenario, Independent Shareholders may face nil liquidity for their Shares until trading suspension is lifted.

4. Dividends

The Company did not pay any dividends or special distribution in the recent financial years reviewed by us as set out above. Such past non-payment dividend policy notwithstanding, the Offeror has not stated its intention one way or the other on the future dividend policy of the Company.

5. The Share Offer

5.1 The Share Offer Price

The Share Offer Price of HK\$0.40 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Purchases. Immediately after the Partial Conversion and the Completion, the Offeror and the Offeror's Concert Parties are in aggregate interested in 245,428,696 Shares, representing approximately 51.20% of the then total issued share capital of the Company.

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This 51.20% shareholding represents an absolute equity control stake in the Company and the HK\$0.40 Share Offer Price, as illustrated by the charts and tables below, is in our view in line with the recent retail market prices of the Shares prior to the Last Trading Day. It should also be noted that the exercise of the conversion rights under the Convertible Notes, together with the existing Shares held by the Offeror, could have given an equity control to the Offeror up to 29.99% only, as any conversion of the Convertible Notes would not be allowed to trigger a mandatory offer obligation under Rule 26 of the Takeovers Code. However, based on the following:-

- (i) with the effect of the remaining balance of the Convertible Notes amounting to US\$60,115,681 after the Partial Conversion and its indebtedness obligation under the remaining Convertible Notes;
- (ii) the Offeror, being the holder of the Convertible Notes and the largest creditor of the Company, has agreed to continuously provide financial support to enable the Group to meet its financial obligations as and when they fall due in the foreseeable future as set out in Note 2 to the consolidated financial statements in the 2020 Annual Report as a basis of preparation for such consolidated financial statements under the assumption that the Group would continue as a going concern. This support is of utmost importance to the Group given its current financial position; and
- (iii) Mr. Wong, being the single largest Shareholder, the chairman of the Board and being as an executive Director and chief executive, leads the senior management of the Group,

we are therefore of the view that the Offeror has considerable influence on the Group already prior to the Joint Announcement.

5.2 Comparison of the Share Offer Price to market prices

Based on the Share Offer Price of HK\$0.40 per Share, 233,946,164 Offer Shares and 1,829,200 Offer Options:

- (i) Assuming that no Offer Options are exercised and the Share Offer is accepted in full, the value of the Share Offer will be HK\$93,578,465.60; and
- (ii) Assuming that all Offer Options are exercised and the Share Offer is accepted in full, the value of the Share Offer will be HK\$94,310,145.60.

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In the order of the paragraphs set out in the section headed “Comparison of value” in the “Letter from Kingston Securities”, the Share Offer Price of HK\$0.40 per Offer Share under the Share Offer represents:

- (i) a discount of 50.00% to the closing price of HK\$0.800 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.26% over the closing price of HK\$0.38 per Share quoted on the Stock Exchange on the Last Full Trading Day;
- (iv) a premium of approximately 3.90% over the average of the closing prices quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.385 per Share;
- (v) a premium of approximately 0.76% over the average of the closing prices quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.397 per Share;
- (vi) a discount of approximately 3.19% to the average of the closing prices quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.413 per Share;
- (vii) a discount of approximately 76.77% to the audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.7220 as at 31 December 2020, calculated based on the audited consolidated net assets attributable to the Shareholders of approximately US\$106,103,000 (equivalent to approximately HK\$825,481,340) as at 31 December 2020 and 479,374,860 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 73.03% to the unaudited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.4833 as at 30 June 2021, calculated based on the unaudited consolidated net assets attributable to the Shareholders of approximately US\$91,398,000 (equivalent to approximately HK\$711,076,440) as at 30 June 2021 and 479,374,860 Shares in issue as at the Latest Practicable Date. (Note: please see Note 1 to Table A above for the net asset value per Share calculation as at 30 June 2021 used for our analyses set out in this letter of independent advice.)

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Highest and lowest closing prices of the Shares

For the purpose of this letter of independent advice, we have chosen the period from 1 December 2020 (being the first trading day of the 12 calendar months prior to the Joint Announcement) to the Last Trading Day (“**Review Period**”) and up to the Latest Practicable Date as our review period, which was chosen on the basis that such time frame should be adequate to cover the recent milestone events reasonably expected to affect the price and trading volume formation of the Shares. On such basis, we are of the view that the Review Period is fair, reasonable and representative.

During the Review Period, the Shares were traded in a range of closing prices of the Shares of HK\$0.233 to HK\$0.380 from December 2020 to August 2021, which were approximately 42% and 5% lower than the Share Offer Price respectively, while the highest closing price of the Shares was HK\$0.490 per Share as quoted on the Stock Exchange on 23 September 2021 and the lowest closing price of the Shares was HK\$0.228 per Share as quoted on the Stock Exchange on 8 September 2021 separated by nine trading days in between. Whilst both the highest closing price of the Shares and the lowest closing price of the Shares as quoted on the Stock Exchange within this period all occurred in the month of September 2021, we are not aware of any change in fundamentals driving such change in the closing price of the Shares. As illustrated in Table C below, the volatility in Share prices occurred in September 2021 and thereafter, the average daily closing price per Share in October and November 2021 continued to trade at an elevated level that was generally more in line with the Share Offer Price. From the Last Trading Day up to the Latest Practicable Date, the highest closing price of the Shares was HK\$0.830 per Share as quoted on the Stock Exchange on 5 January 2022. This upward rally of Share closing price after the Joint Announcement is in our view, possibly supported by the presence of the Share Offer, the consolidation of control by the Offeror and expectation (or speculation) on the future prospects of the Group, as we are unable to identify any other reason(s) thereof. The recent volatility of the Share market price is also noted based on the Share closing price performance charts below and whilst we have sought information on the reason for such Share price volatility from the Offeror, Mr. Wong, senior management of the Company and the Board, they are also not aware of any reason.

Independent Shareholders should note the following table which summarises the highest and the lowest closing prices of the Shares during the Review Period:

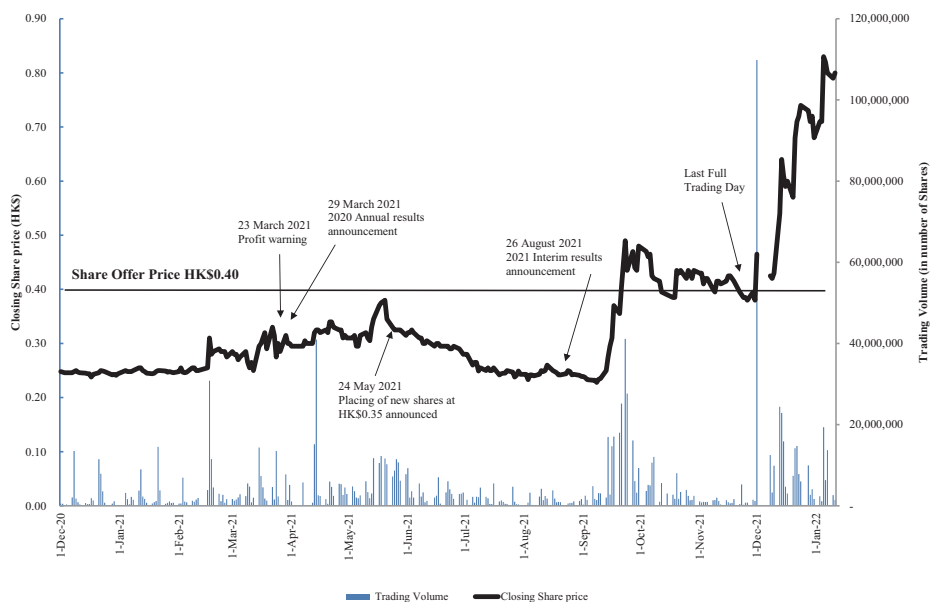
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Table C: Highest and lowest closing Share prices comparison during the Review Period

Month/Period	Highest closing price (HK\$)	Lowest closing price (HK\$)	Average daily closing price (HK\$)
2020			
December	0.250	0.238	0.246
2021			
January	0.255	0.244	0.249
February	0.310	0.246	0.267
March	0.330	0.250	0.289
April	0.340	0.295	0.317
May	0.380	0.295	0.328
June	0.325	0.280	0.301
July	0.280	0.238	0.251
August	0.260	0.233	0.245
September	0.490	0.228	0.328
October	0.470	0.385	0.425
November	0.430	0.380	0.407
December	0.740	0.420	0.610
2022			
January (up to the Latest Practicable Date)	0.830	0.710	0.780

The following chart illustrates the Share Offer Price as compared to the daily closing price of the Shares as quoted on the Stock Exchange during the Review Period up to the Latest Practicable Date:–

Chart III: Closing Share prices (and trading volume) chart of the Company



Source: data extracted from the Stock Exchange website (www.hkex.com.hk)

During the Review Period, the closing prices of the Shares on the Stock Exchange ranged between HK\$0.228 to HK\$0.490 per Share but such closing price of the Shares further increased to HK\$0.830 on 5 January 2022 after the Last Trading Day to the Latest Practicable Date. The closing price per Share on the Latest Practicable Date was HK\$0.800.

The daily closing price of the Shares during the Review Period, having suffered from a general decline in mid-May to September 2021 and reached a low of HK\$0.228 on 8 September 2021, began to rise and reached a high of HK\$0.490 on 23 September 2021. After September 2021, this upward trend in the closing price of the Shares continued to fluctuate at elevated closing price levels until the Last Full Trading Day. We are unaware of the reason(s) for these movements in closing prices and having made inquiries to the Offeror, Mr. Wong, senior management of the Company and the Board, none of them is aware of any reason either. After the Joint Announcement, the closing price of the Shares increased to new high of HK\$0.830 on 5 January 2022. The Share price and trading volume rallied in the months of December 2021 and January 2022. This is because of the effect of the Share Offer and the 103,428,000 Sale Shares purchased by the Offeror through block trades on the Stock Exchange during pre-market opening session on 1 December 2021. Whilst the closing price of the Shares sharply increased from the lowest at HK\$0.228 per Share on 8

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September 2021 to highest at HK\$0.490 per Share on 23 September 2021, the average daily closing prices of the Share for October and November 2021 fluctuated in a narrow band within an elevated level that was generally in line with the Share Offer Price. The increase in the Share market prices has only become more noticeable beginning in December 2021 and January 2022, possibly as a result of the Share Offer.

During the Review Period, the daily closing price per Share was close to or slightly more than HK\$0.40 per Share, the same as the Share Offer Price. Subsequent to the Last Full Trading Day, the closing prices per Share has reached new highs at HK\$0.465 on the Last Trading Day and at HK\$0.830 on 5 January 2022, the latter closing price unseen of since early January 2020. As discussed above, such price increase to levels above the Share Offer Price is possibly, a result of the Share Offer and coupled with the expectation (or speculation) on the future prospects of the Group following Mr. Wong consolidating his equity control of the Company.

Based on (i) the aforesaid Share price movements during the Review Period, in particular, the highest of such closing prices of the Shares prior to September 2021 were below the Share Offer Price and the highest closing prices from September to November up to the Last Full Trading Day were slightly above the Share Offer Price; and (ii) the stated intention of the Offeror regarding the Group as set out in the “Letter from Kingston Securities”; (iii) neither the Offeror, Mr. Wong nor the Company is aware of any reason for the recent increases in the Share market prices in September and December 2021 and January 2022, apart from the Joint Announcement, we are of the view that it is uncertain if such post-Joint Announcement elevated Share market prices can be sustained after the close of the Offers. Taking the above factors and analyses into consideration, we consider that the Share Offer Price is fair and reasonable. Reference is also made to the sections headed “Summary And Conclusion” and “Recommendation” respectively below.

5.3 Comparison of the Share Offer Price to the net asset value of the Group

The Share Offer Price of HK\$0.40 per Offer Share represents a discount of approximately 79.7% over the unaudited consolidated net asset value of the Group of approximately HK\$1.976 per Share as at 30 June 2021, based on the net asset value of approximately US\$91,398,000 (or HK\$711,076,440 at an exchange rate of US\$1: HK\$7.78, used throughout this letter) and the then 360,512,332 Shares issued and outstanding as at 30 June 2021 as set out in Table B above. Based on such net asset value of the Group of approximately HK\$1.976 per Share, the Share Offer Price also represents a price-to-book multiple of approximately 0.20 times.

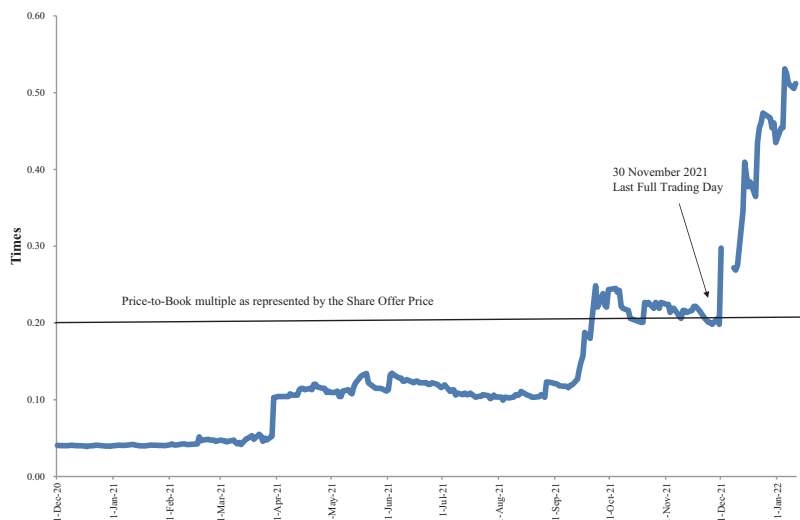
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It should be noted that as the Group is in the business of providing convergent mobile multimedia broadcasting, satellite infotainment multimedia technology and services for vehicles and maritime applications; and the trading of PCB, its consolidated net asset value is mainly in intangible assets (e.g. as represented by the spectrum usage rights of TV stations) and in an interest in Silkwave. Consequently, the net assets value of the Group is of less importance than say, a property company. That said, the price-to-book multiple (coupled with the price-to-sales multiple as set out in Table E below) is still a measure of performance of the Share price used by the market, in particular when the Company has a loss-making position rendering the non-application of a price-earnings multiple approach.

During the Review Period as set out in Chart IV below, we have noted that since December 2020, the price performance of the Shares has consistently traded at a large discount to the published net asset value of the Group. The following chart summarises such performance and the generally sharp discount in price-to-book multiple from December 2020 to early September 2021 and began to trend upward at the end of September and leveled off at a price-to-book multiple of approximately 0.20 times leading up to the Last Trading Day. Such price-to-book multiples as commanded by the closing prices of the Shares at the end of September up to the end of November 2021 are approximately the same as that represented by the Share Offer Price. The general rising trend of this price-to-book multiple chart at the end of the Review Period was due to higher closing price of the Shares, coupled with a declining trend of net asset value per Share. In light of the aforesaid and taking into consideration that the price-to-book multiple from December 2020 to August 2021 and the unknown reason(s) for the surge in Share price as discussed in section headed 5.2 “Comparison of the Share Offer Price to market prices” above, we are of the view that on a price-to-book multiple basis, the Share Offer Price is fair and reasonable.

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Chart IV: Price-to-book multiple (closing price per Share to reported net asset value of the Group)



Note: Price-to-book multiple as set out above was calculated based on equity attributable to Shareholders of US\$91,398,000 as at 30 June 2021 divided by the total number of shares outstanding as at 30 June 2021 of 360,512,332 Shares and converted into HK\$ at an exchange rate of US\$1.00:HK\$7.78.

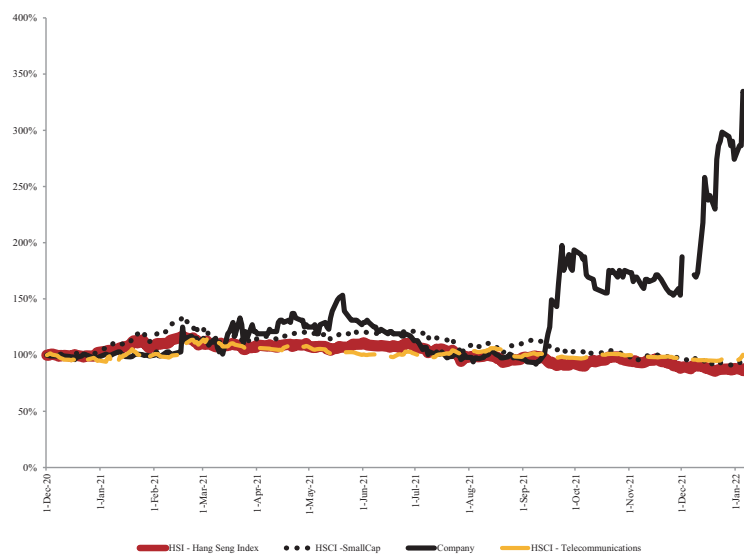
Source: data extracted from the Company's published reports, circulars (www.cmmvision.com) and the Stock Exchange website (www.hkex.com.hk)

5.4 Share price performance against HSI and other indices

The following chart, using a percentage change approach (and by procuring all indices to begin with the same nil percentage change at the beginning), compares the closing price per Share performance, when viewed against the performance of each of the HSI (Hang Seng Index), Hang Seng Composite Industry Index-Telecommunications (“**HSCI – Telecommunications**”), and Hang Seng Composite SmallCap Index (“**HSCI – SmallCap**”) during the Review Period.

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Chart V: Share price performance vs. HSI, HSCI – Telecommunications and HSCI – SmallCap Indices during the Review Period



Source: data extracted from InvestGO of Infocast Ltd. (website: www.infocast.com.hk)

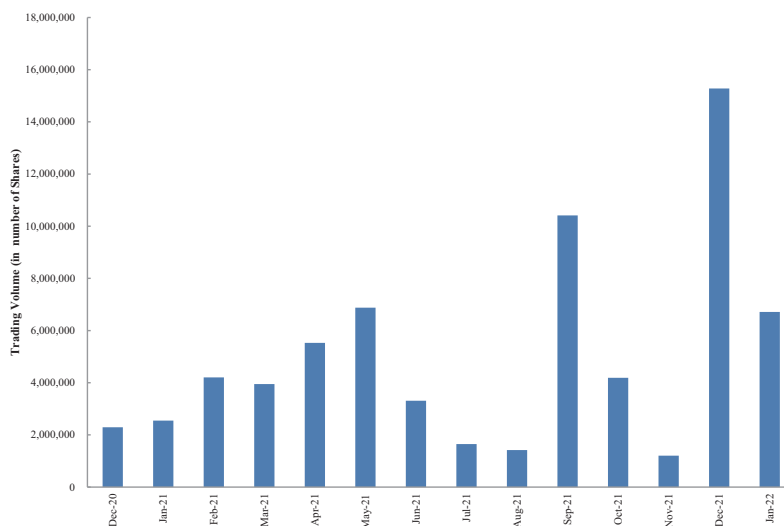
The above Chart V, which covers the Review Period and up to the Latest Practicable Date and with the reference base period starting at nil changes on 1 December 2020, shows the closing price per Share has performed better when viewed against the indices with the same reference base period. Apart from the sharp rise in closing price per Share in September 2021 as described in Table C and Chart III above, the subsequent rise in performance of the closing price per Share in December 2021 and January 2022 coincided with the subsequent Joint Announcement of the Offers and possibly Mr. Wong consolidating his control in the Company.

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6. Trading volume of the Shares

The chart below illustrates the average daily trading volume of the Shares each month on the Stock Exchange during the Review Period to the Latest Practicable Date:

Chart VI: Average daily trading volume of the Shares each month during the Review Period



Note: Trading of the Shares was suspended on from 2 December 2021 to 7 December 2021.

Source: data extracted from the Stock Exchange website (www.hkex.com.hk)

As set out in the above chart, increases in average daily trading volume are noted in the months of April to May 2021, September and December 2021. Whilst the increase in trading volume in December 2021 coincided with the Joint Announcement of the Offers and the 103,428,000 Sale Shares purchased by the Offeror through block trade on the Stock Exchange during pre-market opening session on 1 December 2021, we are not aware of the reason(s) for other increases in trading volume during the Review Period. Given that we are not aware of the reason(s) for such increases in trading volume (and having made inquiries to the Offeror, Mr. Wong, senior management of the Company and the Board, none of them is aware of any reason either), the fluctuations in trading volume from month-to-month such as the surge from August to September 2021, the decline from September to October and November 2021 and the surge from November to December 2021, we are of the view that it is uncertain if such elevated trading volume as illustrated in the chart above can be sustained after the close of the Offers. The following table highlights the number of Shares traded on the Stock Exchange and the percentages of such trading volume viewed against issued Shares and its public float in each calendar month during the Review Period:

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Table D: Monthly trading volume of the Shares during the Review Period

Month/Period	Total monthly trading volume (Shares)	Average daily trading volume (Shares)	Percentage of total monthly trading volume to total issued share capital (Note 1) (%)	Percentage of total monthly trading volume to public float of the Shares held by Independent Shareholders (Note 2) (%)
2020				
December	50,485,695	2,294,804	18.17	23.31
2021				
January	50,996,825	2,549,841	18.35	23.55
February	75,687,346	4,204,853	26.71	34.09
March	90,886,611	3,951,592	32.02	40.85
April	105,074,854	5,530,255	36.02	43.32
May	137,583,260	6,879,163	47.16	55.67
June	69,517,325	3,310,349	19.83	22.72
July	34,682,135	1,651,530	9.62	11.16
August	31,202,225	1,418,283	8.65	10.00
September	218,710,206	10,414,772	60.59	67.37
October	75,414,277	4,189,682	20.34	22.35
November	26,536,602	1,206,209	7.08	7.87
December (Note 3)	275,011,990	15,278,444	57.37	117.55
December (Note 4)	171,583,990	9,532,444	35.79	73.34
2022				
January (up to the Latest Practicable Date)	46,988,050	6,712,579	9.80	20.08

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Note 1: Based on the total number of Shares in issue from time to time

Note 2: Based on the total number of Shares held by the Directors and directors of the subsidiaries of the Group

Note 3: Included the 103,428,000 Sale Shares purchased by the Offeror through block trades on the Stock Exchange during pre-market opening session on 1 December 2021

Note 4: Excluded the 103,428,000 Sale Shares purchased by the Offeror through block trades on the Stock Exchange during pre-market opening session on 1 December 2021

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

The above table shows that the number of the Shares traded on the Stock Exchange per month during the Review Period as compared to the number of total issued Shares held in public hands (i.e. excluding those shareholdings held by the Offeror and Mr. Wong as a Director) ranged from approximately 7.87% to approximately 67.37%. The sudden surge in the trading volume of the Shares in the month of September 2021 coincided with the highest and lowest Share closing prices recorded in this month during the Review Period. Whilst we have also inquired with the Company and the Offeror about these sharp movements in Share trading volume (and Share market price) and the reason(s) thereof, we understand from the Company and the Offeror that they are unaware of any reason. The surge in the trading volume for December 2021 coincided with the 103,428,000 Sale Shares purchased by the Offeror through block trades on the Stock Exchange during pre-market opening session on 1 December 2021. The percentage of the total monthly trading volume to public float reached approximately 117.55% (if Sale Shares were included in the trading volume) or 73.34% (if Sale Shares were excluded) in December 2021, both represented the highest level following the Review Period.

In light of the aforesaid and the wide range of percentage of monthly trading volume turnover to the public float of the Shares, we are of the view that in the absence of the Share Offer, the liquidity of the Shares as evidenced by its daily and monthly trading volume during the Review Period is, and will continue to be volatile and in some cases, relatively low. Independent Shareholders should therefore take note that under such circumstances, it may be difficult to dispose large blocks of their Shares on the open market without exerting a considerable downward pressure on the Share prices, after the close of the Share Offer. Following the Joint Announcement and up to the Latest Practicable Date, we noted the Share market prices were trading at a considerable premium to the Share Offer Price and we are of the opinion that Independent Shareholders whose intention is to exit their investments in the Shares in the short term to consider taking this window of opportunity to sell in the open market.

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7. Market comparables to the Company

For our market comparable analysis, our selection criteria focused on (i) companies listed on the Main Board and Growth Enterprise Market board of the Stock Exchange whose stated principal business, or one of their principal businesses, is engaged in the trading of PCB or PCB materials; (ii) have a market capitalization of not larger than HK\$1 billion to better align with the Company's market capitalization and its relatively small size and scale in its trading business of PCB; and (iii) no lower limit in market capitalization given the limited number of comparable companies in the trading of PCB. Under this selection criteria, the companies set out in the table below whose shares are listed on the Stock Exchange are the most comparable to the Company in terms of their line of businesses which include trading of PCB or PCB materials in general. In so far as CMMB business of the Company is concerned, having made inquiry with the Company and conducted our own research, we are not aware of any comparable company whose shares are listed on the Stock Exchange.

In choosing the market comparables set out in the table below, our view on the comparability of these companies notwithstanding, it should be noted that the Company is rather unique in every respect and that no two companies are identical to the Company in so far as its two almost equal segments of revenue contribution from each of CMMB and the trading of PCB are concerned. On this basis and in view of the lack of comparable in the CMMB business, we are of the view that the comparable companies set out below, which are identified by us through our research and all have reported turnover from their trading of PCB or PCB-related materials as a principal business or as one of their principal businesses, are the only reasonable comparable companies to be viewed against the Company, such comparable analysis is fair and complete and this is an exhaustive list.

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Table E: Comparable companies listed on the Stock Exchange which we consider relevant

Companies	Stock Code	Principal businesses	Closing share price as at the Latest Practicable Date (HK\$)	Market Cap. (based on closing share prices as at the Latest Practicable Date) (HK\$ million)	Price to Sales multiples based on the latest published audited accounts (Note 1) (HK\$)	Price to book multiples based on the latest published unaudited N.A.V. (Note 2) (times)
Wong's Kong King International (Holdings) Limited	532	Trading of chemicals, materials and equipment used in the manufacturing of PCB and electronic products and manufacturing of electrical and electronic products	1.020	744	0.16	0.43
Cosmos Machinery Enterprises Limited	118	Processing and trading of PCB, manufacturing of machinery, plastic products and trading of industrial consumables	0.430	371	0.15	0.28
Yan Tat Group Holdings Limited	1480	Manufacture and sale of PCB	1.290	310	0.53	0.50
Renco Holdings Group Limited	2323	Manufacturing and sale of PCB, investment and trading of securities and advising on securities and asset management services	0.109	241	0.87	0.24
Daisho Microline Holdings Limited	567	Manufacturing and trading of PCB, printing and packaging products and trading of petroleum and energy products	0.092	148	1.09	0.98
China Silver Technology Holdings Limited	515	Manufacturing and trading of PCB, LED lighting and the trading of tower and electric cable	0.049	137	0.56	2.75
				Maximum	1.09	2.75
				Minimum	0.15	0.24
				Average	0.56	0.86
				Median	0.54	0.46
the Company	471	Trading of PCB materials and CMMB business	0.40* (*based on Share Offer Price)	192	6.36	0.20* (*based on unaudited NAV as at 30 June 2021)
			0.80* (*based on Latest Practicable Date closing price per Share)	383	12.70	0.40* (*based on unaudited NAV as at 30 June 2021)

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Notes

1. Price-to-sales multiple was calculated based on the respective market capitalization as at the Latest Practicable Date divided by their respective latest annual revenue based on the respective companies' latest published annual report or annual results announcement. Due to the need for a full year revenue for this price-to-sales multiple analysis, 6-month interim revenue as reported in interim reports was not applicable.
2. Price-to-book multiple was calculated based on the closing price per share of the comparable company on the Latest Practicable Date and divided by its unaudited net asset value per share as set out in the comparable company's latest interim report.

Source: Issuers' annual/interim reports from the Stock Exchange website (www.hkex.com.hk) and Company (www.cmmbvvision.com)

We are of the view that in so far as the above comparable comparison is concerned, price-to-sales multiple and price-to-book multiple commanded by the Share Offer Price are generally in line with and in so far as the price-to-sales multiple is concerned, is better than the respective ranges of the market comparables as set out in the table above. The higher in price-to-sales multiple of the Company of 6.36 times, when viewed against the comparable companies, means the Share Offer Price is better than these comparable market share prices in so far as price-to-sales multiple is concerned. Such higher price-to-sales multiple (and out of range of the comparables) can also be interpreted that given the drop in revenue of the Group from approximately US\$7,153,000 (approximately HK\$55,650,000) in FY2019 to approximately US\$3,876,000 (approximately HK\$30,155,280) in FY2020, such decline in revenue also attributed to the higher price-to-sale multiple of the Company.

Whilst the 0.20 price-to-book multiple as represented by the Share Offer Price is slightly lower than the 0.24 minimum price-to-book multiple of the comparable companies in the table above, the "book" value of the Group as set out above was mostly of intangible assets and interest in a 20%-owned associate. To illustrate, as at 30 June 2021, the Group's unaudited consolidated total assets amounted to approximately US\$167,530,000 (approximately HK\$1,303,383,000) consisted of approximately US\$46,015,000 (approximately HK\$357,997,000) and approximately US\$115,510,000 (approximately HK\$898,668,000) in intangible assets and investment in Silkwave respectively, representing an aggregate of approximately 96.4% of such total assets. None of the comparable companies in Table E above has such high level of intangible assets and/or interests in associates, when viewed against their total assets disclosed in their latest consolidated statements of financial position. Once this factor has been taken into consideration, and the fact that such materially large sums of the Group's intangible assets would usually be discounted (or priced-in) in viewing the resulting price-to-book multiple analysis, we take the view that the price-to-book multiple is at least in line with the aforesaid market comparables.

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In so far as the above comparable comparison is concerned, we conclude that the Share Offer Price and by extension, the Option Offer Price, are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned. The following section is our analysis on the Option Offer Price.

8. The Option Offer

As at the Latest Practicable Date, the Company had 1,829,200 outstanding Options. Kingston Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Option Offer to the Optionholders (other than those Options already owned by the Offeror and the Offeror's Concert Parties) to cancel all outstanding Options. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Offer Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$0.30 and HK\$0.275, are below the Share Offer Price of HK\$0.40, the Offer Options are in-the-money and the Option Offer Prices are set at the see-through prices of HK\$0.10 and HK\$0.125 respectively.

The Option Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

As the see-through prices under the Option Offer Prices are based on the Share Offer Price of HK\$0.40, which is offered to all Independent Shareholders, we are of the view that the see-through price basis is fair and reasonable. Given that we consider the Share Offer Price is fair and reasonable, the see-through prices, the determination of which is based on the Share Offer Price, are also considered by us to be fair and reasonable.

In view of the fact that the recent Share market price had been, and was as at the Latest Practicable Date, above the Share Offer Price, Optionholders of the Offer Options who intend to accept the Option Offer can, to the extent their respective circumstances permit, exercise their Options and dispose of their Offer Shares on the market if the market price is above the Share Offer Price (to the extent such excess in market price would be adequate to cover additional charges such as brokerage, transaction levies etc., which would not be applicable if the Offer Shares are tendered in acceptance of the Share Offer) during the Offer Period.

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SUMMARY AND CONCLUSION

Having considered the abovementioned principal factors and reasons, we are of the opinion that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned. Our bases to arrive at such conclusion are summarised below:–

- The Share Offer Price of HK\$0.40 per Share is the same price at which the Offeror acquired the Sale Shares which represents a 21.58% of the then total issued share capital of the Company through the market and were bought to increase the 29.62% block of the Shares held by the Offeror and the Offeror's Concert Parties to 51.20%. The Share Offer Price does represent an adequate price when viewed against the recent market prices of the Shares, which for the period under review prior to the Last Trading Day, had been trading at approximately the price level as that represented by the Share Offer Price (see Chart III above). The price-to-book multiple as represented by the Share Offer Price is also in line with that represented by the Share market price for the period under review (see Chart IV above).
- The latest upward rally of each of the Share price and trading volume up to the Latest Practicable Date is likely supported by the presence of the Share Offer, the consolidating control by Mr. Wong and the expectation (or speculation) on the future prospects of the Company. It should be noted that as set out in the section headed "Intention Of The Offeror On The Group" in the "Letter from Kingston Securities", the Offeror did not propose any material change in business strategies/directions or any material assets injection/disposal of the Group, we therefore do not see any possible change in fundamentals driving the Share market price during the Review Period, up to the Latest Practicable Date and after the Closing Date. To illustrate, the Shares were consistently traded below the Share Offer Price from December 2020 to August 2021 and the Share Offer Price is equal to the purchase price per Sale Share paid by the Offeror under the Purchases on 1 December 2021. The Share closing price reached a high of HK\$0.830 on 5 January 2022 and was at HK\$0.800 as at the Latest Practicable Date, notwithstanding there was no change in fundamentals driving the Share market price, other than the Share Offer. Hence in our view, it is uncertain if the upward rally of the Share price and trading volume can be sustained after the close of the Offers.
- As set out in section 7 above, the prevailing market valuations of the comparable companies set out in Table E above suggest on a price-to-book and price-to-sales multiples basis, the Share Offer Price is in line with these comparable companies.

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- The Share Offer Price represents a discount of approximately 47.2% to the average closing price of HK\$0.757 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Latest Practicable Date which in our view, could not have been provided by the open market under current market conditions, in the absence of the Share Offer.
- Subsequent to the Last Full Trading Day, the closing prices per Share have reached new highs to levels above the Share Offer Price. Such price increase is in our view, a result of the Share Offer and possibly, expectation (or speculation) on the future prospects of the Group under the new controlling shareholder i.e. Mr. Wong, notwithstanding that the Offeror has neither stated its intention to change the existing principal activities of the Group, nor outlined any new business direction or strategy for the Group.
- The Offers are an opportunity for the Independent Shareholders and Optionholders to exit their shareholding positions at a price and market liquidity condition that would otherwise not exist. This opportunity is particularly useful for those Independent Shareholders who are contemplating selling their holdings in the Shares, given the exit opportunity under the Offers.

As we have concluded that the Share Offer Price is fair and reasonable, given the Option Offer Prices are see-through prices (i.e. Share Offer Price less the exercise price of the in-the-money Options), we are therefore of the opinion that the Option Offer Prices are also fair and reasonable.

For those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. Under such circumstances, Independent Shareholders who hold their Shares through stockbrokers, intermediaries or nominees should also consult their intermediaries or nominees as to the latest possible time that may be required for their instructions to be processed and for tendering their Shares in a timely manner. If the market price of the Shares exceeds the Share Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Share Offer, the Independent Shareholder should consider selling their Shares in the open market instead of accepting the Share Offer. In this regard, Independent Shareholders should note that selling their Shares in the open market will incur brokerage charges and transaction levies, in addition to stamp duty whereas tendering their Shares in acceptance of the Share Offer will only attract stamp duty.

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Optionholders who wish to realise all or part of their holdings in the Offer Options should therefore consider to exercise their respective Offer Options by following the same approach as abovementioned. These Independent Shareholders should read carefully the procedures of acceptance and settlement of the Offers as set out in Appendix I to the Composite Document.

In the event that the public float of the Company falls below 25% following the close of the Offers, trading in the Shares may be suspended pending a placing down of the Shares by the Offeror for the restoration of the minimum public float as required under the Listing Rules. Under such trading suspension scenario, Independent Shareholders may face nil liquidity for their Shares until trading suspension is lifted.

Our recommendation as set out below notwithstanding, Independent Shareholders and Optionholders who remain interested to have an equity investment in the Company, on the expectation (or speculation) that its future prospects might be improved by Mr. Wong/the Offeror and the intention of the Offeror to pursue and promote the aforesaid strategies to enhance the development of current business of the Group and to create greater value for the Shareholders, and that their circumstances permit them to do so, they may of course elect to continue to hold all or part of their Shares and/or Options.

RECOMMENDATION

Having considered the principal factors and reasons set out above, we are of the opinion that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned. We therefore, advise the Independent Board Committee to recommend the (i) Independent Shareholders to accept the Share Offer or if the market price of the Shares continues to exceed the Share Offer Price, to sell in the open market, instead of accepting the Share Offer; and (ii) Optionholders to accept the Option Offer or exercise their Offer Options and dispose of their Offer Shares in the market if the market condition mentioned in (i) above continues to exist, instead of accepting the Option Offer.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

Yours faithfully,
for and on behalf of
CNI Global Capital Limited
Winnie KONG
Director

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Mr. Baldwin Lee is a Responsible Officer of Centurion Corporate Finance Limited licensed under Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Mr. Baldwin Lee, the co-author of this letter of independent advice, has over 30 years of experience in investment banking and corporate finance. He has been the managing director of our firm since 1994. Prior to his present posting, he was a director at Sun Hung Kai International Limited, the investment banking arm of Sun Hung Kai & Co. Limited. Prior to his return to Hong Kong in early 1991 from Canada, he was a corporate finance professional at the Toronto's head office of Walwyn Stodgell Cochran Murray Limited, an investment banking firm in Canada. He holds an M.B.A. degree and a B. Comm. degree and he is also a Fellow member of the Institute of Canadian Bankers and a Senior Fellow member of the Hong Kong Securities and Investment Institute.

Ms. Winnie Kong is a Responsible Officer of CNI Global Capital Limited under Type 6 (advising on corporate finance) regulated activity under the SFO. Ms. Winnie Kong, the co-author of this letter of independent advice, has over 20 years of experience in the corporate finance industry and involved in the provision of corporate finance advice for various listed companies in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying WHITE Form of the Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.

- (i) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed WHITE Form of the Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in an envelope marked “CMMB Vision Holdings Limited – Share Offer” to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.
- (ii) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
 - (a) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed WHITE Form of the Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (b) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed White Form of the Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (d) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (iii) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Share(s), the WHITE Form of the Share Offer Acceptance should nevertheless be completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (iv) If you have lodged transfer(s) of any of your Share(s) for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Share(s), you should nevertheless complete and sign the WHITE Form of the Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Kingston Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar together with the WHITE Form of the Share Offer Acceptance.
- (v) Acceptance of the Share Offer will be treated as valid only if the completed and signed WHITE Form of the Share Offer Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code and the Registrar has recorded that the relevant Form of Acceptance and the relevant document(s) as required under this paragraph have been so received, and are:
- (a) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Share(s); or
 - (b) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Share(s) which are not taken into account under another subparagraph of this paragraph (v)); or
 - (c) certified by the Registrar or the Stock Exchange.
- (vi) If the WHITE Form of the Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (vii) Seller's ad valorem stamp duty payable by the relevant Independent Shareholders in connection with the acceptance of the Share Offer at the rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Independent Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (viii) No acknowledgement of receipt of any WHITE Form of the Share Offer Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) will be given.

2. PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

To accept the Option Offer, you should complete and sign the accompanying PINK Form of the Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.

- (i) The duly completed and signed PINK Form of the Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Offer Options (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked "CMMB Vision Holdings Limited – Option Offer" to the Company as soon as possible and in any event so as to reach the Company by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.
- (ii) If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the PINK Form of the Option Offer Acceptance should nevertheless be completed, signed and delivered to the Company together with a letter stating that you have lost one or more of your Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.

- (iii) No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.
- (iv) No acknowledgment of receipt of any PINK Form(s) of the Option Offer Acceptance and/or certificate(s) of the Offer Options (if applicable) will be given.

In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, Kingston Securities, the Company, Veda Capital, Kingston Corporate Finance, Rainbow Capital, the Joint Independent Financial Advisers, or their respective professional advisers. Optionholders should consult their own professional advisers for professional advice.

3. ACCEPTANCE PERIOD AND REVISIONS

- (i) Unless the Offers have previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Forms of Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offers will be closed on the Closing Date. The Offers are unconditional.
- (ii) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or has expired.
- (iii) In the event that the Offeror decides to extend the Offers, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offers, to those Independent Shareholders or Optionholders who have not accepted the Offers.
- (iv) If the Offeror revise the terms of the Offers, all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers will be entitled to the revised terms. The revised Offers must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (v) If the Closing Date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offers so extended.

4. ANNOUNCEMENT

- (i) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or has expired.

Such announcement must state the total number of Shares and rights over Shares:

- (a) for which acceptances of the Offers have been received;
- (b) held, controlled or directed by the Offeror or any Offeror's Concert Parties before the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror or any Offeror's Concert Parties during the Offer Period.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any Offeror's Concert Parties has borrowed or lent, save for any borrowed securities which have been either on-lent or sold and the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (ii) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (iii) As required by the Takeovers Code and the Listing Rules, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmmbvision.com).

5. NOMINEE REGISTRATION

To ensure equality of treatment to all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

6. RIGHT OF WITHDRAWAL

- (i) Acceptance of the Offers tendered by the Independent Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (ii) below.
- (ii) If the Offeror is unable to comply with the requirements set out in the paragraph headed “4. ANNOUNCEMENT” in this Appendix, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders and the Optionholders who have tendered acceptances of the Offers, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Independent Shareholders and/or Optionholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares and/or Offer Options (as the case may be) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders and Optionholders (as the case may be) at their own risk.

7. SETTLEMENT OF THE OFFERS**Share Offer**

Provided that the accompanying WHITE Form of the Share Offer Acceptance, together with the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Offer Shares tendered under the Share Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be paid by the Offeror in full in accordance with the terms of the Share Offer (save in respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying WHITE Form of the Share Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

Option Offer

Provided that the accompanying PINK Form of the Option Offer Acceptance, together with the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Options are valid, complete and in good order and have been received by the Company no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Optionholders in respect of the Options tendered under the Option Offer will be despatched to such Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Company in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be paid by the Offeror in full in accordance with the terms of the Option Offer set out in this Composite Document (including this Appendix) and the accompanying PINK Form of the Option Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

8. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The availability of the Offers to any Overseas Shareholders and Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Optionholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the sole responsibilities of the Overseas Shareholders and the Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Optionholders in respect of such jurisdictions).

Acceptance of the Offers by any Overseas Shareholder and Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and Optionholder to the Offeror that all local laws and requirements have been complied with. The Overseas Shareholders and the Optionholders should consult their professional advisers if in doubt.

9. HONG KONG STAMP DUTY

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong).

No stamp duty will be payable in connection with the acceptance of the Option Offer.

10. GENERAL

- (i) All communications, notices, Forms of Acceptance, certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror or the Offeror's Concert Parties, Kingston Securities, the Company, Kingston Corporate Finance, Veda Capital, Rainbow Capital, the Joint Independent Financial Advisers and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts any liability for any loss or delay in postage or any other liabilities whatsoever which may arise as a result thereof.
- (ii) Acceptance of the Share Offer by any Independent Shareholder will constitute a warranty by such person to the Offeror and Kingston Securities that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of this Composite Document.
- (iii) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Kingston Securities that the number of Offer Shares in respect of which it has indicated in the WHITE Form of the Share Offer Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.
- (iv) Acceptance of the Option Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Kingston Securities that the number of Options in respect of which it has indicated in the PINK Form of the Option Offer Acceptance is the aggregate number of Options held by such nominee for such beneficial owners who accept the Option Offer.
- (v) Acceptance of the Offers by any person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person will be responsible for any such issue, transfer and other applicable taxes or other governmental payments by such persons.

- (vi) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and the Optionholders in the Forms of Acceptance shall be irrevocable, except as permitted under the Takeovers Code.
- (vii) The provisions set out in the accompanying Forms of Acceptance form part of the terms of the Offers.
- (viii) The accidental omission to despatch this Composite Document and/or the accompanying Forms of Acceptance or either of them to any person to whom the Offers are made shall not invalidate the Offers in any way.
- (ix) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (x) Due execution of the Forms of Acceptance will constitute an irrevocable authority to the Offeror and/or Kingston Securities and/or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person accepting the Offers, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares and Offer Options in respect of which such person has accepted the Offers.
- (xi) The Offers are made in accordance with the Takeovers Code.
- (xii) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offers) to all or any Independent Shareholders and the Optionholders with registered address(es) outside Hong Kong or whom the Offeror or Kingston Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders or Optionholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

- (xiii) In making their decision, the Independent Shareholders and Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the accompanying Forms of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Offeror's Concert Parties, Kingston Securities, the Company, Kingston Corporate Finance, Veda Capital, Rainbow Capital, the Joint Independent Financial Advisers or their respective professional advisers. The Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.
- (xiv) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.
- (xv) References to the Offers in this Composite Document and the Forms of Acceptance shall include any extension and/or revision thereof.
- (xvi) The English text of this Composite Document and of the accompanying Forms of Acceptance shall prevail over the Chinese text.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties collectively hold (i) a total of 245,428,696 Shares, representing 51.20% of the issued share capital of the Company; (ii) 270,000 Options; and (iii) the Convertible Notes in the principal amount of US\$60,115,681. Save for the aforesaid, the Offeror and the Offeror's Concert Parties do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

Set out below are the details in respect of the dealings in the Shares by the Offeror and its Concert Parties during the Relevant Period, save for the Sale Shares acquired by the Offeror under the Purchases:

Date of transactions	Name	No. of Shares purchased/ (sold)	Price per Share (HK\$')	Consideration (approximate HK\$')	On-market/ off-market
6 July 2021	The Offeror	6,140,000	0.2650	1,627,100	Off-market
14 July 2021	The Offeror	720,000	0.2550	183,600	Off-market
26 July 2021	The Offeror	(1,600,000)	0.2550	408,000	On-market
	The Offeror	(1,400,000)	0.2600	364,000	On-market
16 September 2021	The Offeror	(15,000,000)	0.3485	5,227,500	Off-market

The Offeror and the Offeror's Concert Parties confirm that, as at the Latest Practicable Date:

- (i) save for a total of 245,428,696 Shares, 270,000 Options and the Convertible Notes, none of the Offeror or the Offeror's Concert Parties own or have control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) save for a total of 270,000 Options and the Convertible Notes, there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror and/or any the Offeror's Concert Parties;
- (iii) the Offeror and the Offeror's Concert Parties have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) save for the Loan Agreement and the Security Charges, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (v) there is no agreement or arrangement to which any of the Offeror or the Offeror's Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (vi) the Offeror and the Offeror's Concert Parties have not received any irrevocable commitment to accept or reject the Offers;
- (vii) save for the Loan Agreement and the Security Charges, there was no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the Offers being transferred, charged or pledged to any other persons;
- (viii) save as disclosed above and for the Sale Shares acquired by the Offeror under the Purchases, none of the Offeror and the Offeror's Concert Parties have dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period immediately prior to the commencement of the Offer Period and ending with the Latest Practicable Date;
- (ix) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any of the Offeror's Concert Parties on the one hand, and the vendors of the Sale Shares and any parties acting in concert with any of them on the other hand;

- (x) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (xi) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror and the Offeror's Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders (including the vendors of the Sale Shares and any parties acting in concert with any of them) having any connection with or dependence upon the Offers;
- (xii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror or any of the Offeror's Concert Parties; or (2)(b) the Company, its subsidiaries or associated companies; and
- (xiii) save for the Consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the Offeror's Concert Parties to the vendors of the Sale Shares and their respective parties acting in concert in respect of the Sale Shares.

4. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this Composite Document:

Name	Qualification
Kingston Corporate Finance	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO
Veda Capital	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, each of the experts mentioned above had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice and/or references to its name in the form and context in which they are respectively included.

5. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
30 June 2021	0.280
30 July 2021	0.243
31 August 2021	0.239
30 September 2021	0.480
29 October 2021	0.435
30 November 2021 (and being the Last Full Trading Day)	0.380
Last Trading Day	0.465
31 December 2021	0.680
Latest Practicable Date	0.800

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.830 per Share on 5 January 2022; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.228 per Share on 8 September 2021.

6. MISCELLANEOUS

As at the Latest Practicable Date:

- (i) the Offeror is incorporated in BVI with limited liability and its registered address is situated at Palm Grove House, P.O. Box 438, Road Town, Tortola, BVI and the correspondence address is situated at Unit 1209, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong. The principal member of Offeror's Concert Group is Mr. Wong, who is the sole beneficial owner and director of the Offeror;
- (ii) the correspondence address of Mr. Wong is Unit 1209, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong;

- (iii) Kingston Securities is the offer facility provider to the Offeror and agent making the Offers on behalf of the Offeror, and its registered office is situated at 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong;
- (iv) Kingston Corporate Finance is one of the financial advisers to the Offeror and its registered office is situated at 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong;
- (v) Veda Capital is one of the financial advisers to the Offeror and its registered office is situated at Suites 1001-02, 10/F., 299 QRC, 299 Queen's Road Central, Hong Kong; and
- (vi) the English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over the Chinese text in case of inconsistency.

7. DOCUMENTS ON DISPLAY

Copies of the following documents are published on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company (<https://cmmbvision.com>), from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the letter from Kingston Securities, the text of which is set out in this Composite Document; and
- (iii) the written consents as referred to in the section headed "4. Qualification and Consent of Experts" in this appendix.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the three financial years ended 31 December 2020 and the six months ended 30 June 2021 respectively, as extracted from the audited consolidated financial statements of the Group set forth in the annual reports of the Company for the three financial years ended 31 December 2020 and the unaudited consolidated financial statement of the Group set forth in the interim report of the Company for the six months ended 30 June 2021 respectively.

	For the six months ended 30 June 2021	For the financial year ended 31 December		
	2021	2020	2019	2018
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(audited)	(audited)	(audited)
Revenue	2,582	3,876	7,153	6,470
Gross profit	1,111	602	2,774	2,455
Income tax expense	–	–	117	–
Profit/(loss) before taxation	(21,773)	(133,192)	(31,750)	22,751
Profit/(loss) attributable to				
– Owners of the Company	(17,956)	(127,700)	(28,404)	24,808
– Non-controlling interests	(3,817)	(5,492)	(3,463)	(2,057)
Total comprehensive income/ (expense) attributable to				
– Owners of the Company	(18,713)	(127,772)	(28,047)	24,686
– Non-controlling interests	(3,817)	(5,492)	(3,463)	(2,057)
	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>
Earnings/(loss) per share				
– Basic	(6.04)	(52.75)	(17.36)	18.75
– Diluted	(6.04)	(52.75)	(18.17)	13.19
Dividends distributed to owners of the Company	–	–	–	–

The auditors of the Company for the years ended 31 December 2018 and 2019 were HLM CPA Limited. The auditors of the Company for the year ended 31 December 2020 were Confucius International CPA Limited.

Attention is drawn to note 2 to the consolidated financial statements in the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”) which indicated that the Group incurred a net loss attributable to owners of the Company of approximately US\$127,700,000 for the year ended 31 December 2020, and as at the same date, the Group’s current liabilities exceeded its current assets by approximately US\$3,059,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. However, the auditor’s opinion was not modified in respect of this matter. Under the auditor’s opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Save as disclosed above, no modified or qualified opinion had been issued by such auditors of the Group in respect of the Group’s audited consolidated financial statements for each of the financial years ended 31 December 2018, 2019 and 2020.

There was no change in the Group’s accounting policy during each of the years ended 31 December 2018, 2019, 2020 and the six months ended 30 June 2021 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

Save as disclosed above, there were no items of any income or expense which are material in respect of the consolidated financial results of the Group for each of the aforesaid periods.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”), 31 December 2019 (the “**2019 Financial Statements**”), 31 December 2020 (the “**2020 Financial Statements**”) and for the six months ended 30 June 2021 (the “**2021 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2018 Financial Statements are set out from page 50 to page 120 in the annual report of the Company for the year ended 31 December 2018 (the “**Annual Report 2018**”), which was published on 24 April 2019. The Annual Report 2018 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cmmbvvision.com), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0424/ltn201904241310.pdf>

The 2019 Financial Statements are set out from page 71 to page 172 in the annual report of the Company for the year ended 31 December 2019 (the “**Annual Report 2019**”), which was published on 28 April 2020. The Annual Report 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cmmbvvision.com), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802122.pdf>

The 2020 Financial Statements are set out from page 96 to page 212 in the Annual Report 2020, which was published on 20 April 2021. The Annual Report 2020 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cmmbvvision.com), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000411.pdf>

The 2021 Interim Financial Statements are set out from page 27 to page 52 in the interim report of the Company for the six months ended 30 June 2021 (the “**Interim Report 2021**”), which was published on 24 September 2021. The Interim Report 2021 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cmmbvvision.com), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0924/2021092400769.pdf>

3. INDEBTEDNESS

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of ascertaining the indebtedness statement prior to the printing of this Composite Document, the Group had the Convertible Notes of US\$65.0 million payable to the Offeror. The Convertible Notes was issued on 3 September 2021 and shall mature on the seventh anniversary of the date of issue thereof and is not interest bearing.

As at 31 October 2021, the Group did not have any significant contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 October 2021, the Group did not have any loan capital outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that, save and except for the following, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (i) as disclosed in the announcement of the Company dated 24 May 2021, the Company entered into a subscription agreement with the subscribers on 24 May 2021 to place new Shares under general mandate for net proceeds of approximately HK\$20.3 million for repayment of advance from shareholders and to strengthen the general working capital of the Group, of which completion took place on 1 June 2021;
- (ii) as disclosed in the announcement of the Company dated 29 June 2021 and the circular of the Company dated 2 August 2021, the Company entered into a subscription agreement with the Offeror, pursuant to which the Offeror conditionally agreed to subscribe for the Convertible Notes in the principal amount of US\$65 million (the “**Subscription**”) which will be used for fully setting off the original convertible notes issued by the Company to the Offeror on 29 May 2018 in the principal amount of US\$87 million, of which completion took place on 3 September 2021; and
- (iii) completion of the Subscription resulted in an enhancement of the net asset value of the Group and a reduction in the Group’s overall indebtedness.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror, the Offeror Concert Parties, the vendors of the Sale Shares under the Purchases and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
25,000,000,000 Shares of HK\$0.20 each	<u>5,000,000,000</u>
<i>Issued and fully paid:</i>	
479,374,860 Shares of HK\$0.20 each	<u>95,874,972</u>

201,449,583 Shares had been issued since 31 December 2020 (being the date to which the latest audited consolidated financial statements of the Company were made up).

All of the Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, save for (i) 2,099,200 outstanding Options; and (ii) the Convertible Notes in outstanding amount of US\$60,115,681, the Company did not have any outstanding options, warrants, derivatives or securities carrying conversion or subscription rights that would affect the issued share capital of the Company.

3. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests in the securities of the Company and its associated companies

As at the Latest Practicable Date, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, or otherwise required to be disclosed in this Composite Document pursuant to the Takeovers Code are as follows:

(i) Long position in the Shares and underlying Shares of the Options granted under the Share Option Scheme of the Company

Name of Director	Capacity	Number of Shares	Number of underlying Shares pursuant to the Options	Exercise price	Exercise period	Aggregate Interests	Approximate percentage of shareholding
Mr. Wong	Interests in a controlled corporation	245,428,696 (note)	-	-	-	245,698,696	51.25
	Beneficial owner	-	270,000	0.275	20 January 2021 to 19 January 2024		
Dr. Liu Hui	Beneficial owner	-	270,000	0.275	20 January 2021 to 19 January 2024	270,000	0.06
Mr. Chou Tsan-Hsiung	Beneficial owner	-	270,000	0.275	20 January 2021 to 19 January 2024	270,000	0.06
Mr. Yang Yi	Beneficial owner	-	270,000	0.275	20 January 2021 to 19 January 2024	270,000	0.06
Dr. Li Jun	Beneficial owner	-	270,000	0.275	20 January 2021 to 19 January 2024	270,000	0.06
Mr. Chow Kin Wing	Beneficial owner	-	45,000	0.275	20 January 2021 to 19 January 2024	45,000	0.01

Note: These Shares are held by the Offeror, which is wholly and beneficially owned by Mr. Wong.

(ii) Long positions in the underlying Shares of the convertible notes of the Company

Name of the holder of the Convertible Notes	Principal amount of the convertible notes of the Company	Number of the total underlying Shares	Approximate percentage of the issued Shares
The Offeror	US\$60,115,681	1,336,285,708	278.76%

Note: The Convertible Notes were issued by the Company on 3 September 2021 to the Offeror to fully set off against the amounts due by the Company to the Offeror under the previous convertible notes held by the Offeror. The Convertible Notes are unlisted, interest-free and convertible into the Shares at the conversion price of HK\$0.35 per Share. As the Offeror is wholly and beneficially owned by Mr. Wong, Mr. Wong is deemed to be interested in the Convertible Notes.

Save as disclosed above, none of the Directors or chief executives of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at 30 June 2021, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

Substantial Shareholders' and other persons' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(i) Long positions in the Shares

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of issued Shares
The Offeror	Beneficial owner	245,428,696	51.20%

Note: The Offeror is a company incorporated in the BVI and is solely and beneficially owned by Mr. Wong.

(ii) Long positions in the underlying Shares of the convertible notes of the Company

Name of the holder of the Convertible Notes	Principal amount of the convertible notes of the Company	Number of the total underlying Shares	Approximate percentage of the issued Shares
The Offeror	US\$60,115,681	1,336,285,708	278.76%

Note: The Convertible Notes were issued by the Company on 3 September 2021 to the Offeror to fully set off against the amounts due by the Company to the Offeror under the previous convertible notes held by the Offeror. The Convertible Notes are unlisted, interest-free and convertible into the Shares at the conversion price of HK\$0.35 per Share. As the Offeror is wholly and beneficially owned by Mr. Wong, Mr. Wong is deemed to be interested in the Convertible Notes.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors and the chief executive of the Company, whose interests are set out in the section “Directors’ and chief executives’ interests in the securities of the Company and its associated companies” above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

Set out below are the details in respect of the dealings in the Shares by the Offeror and its Concert Parties during the six-month period immediately prior to the commencement of the Offer Period, save for the Sale Shares acquired by the Offeror under the Purchases:

Date of transactions	Name	No. of Shares purchased/ (sold)	Price per Share (HK\$’)	Consideration (approximate HK\$’)	On-market/ off-market
6 July 2021	The Offeror	6,140,000	0.2650	1,627,100	Off-market
14 July 2021	The Offeror	720,000	0.2550	183,600	Off-market
26 July 2021	The Offeror	(1,600,000)	0.2550	408,000	On-market
	The Offeror	(1,400,000)	0.2600	364,000	On-market
16 September 2021	The Offeror	(15,000,000)	0.3485	5,227,500	Off-market

Save as disclosed above and for the Sale Shares acquired by the Offeror under the Purchases, as at the Latest Practicable Date,

- (i) none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;

- (ii) the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iii) the intentions of the Directors in respect of their own beneficial shareholdings in the Company are as followings:
 - (a) Dr. Liu Hui has indicated his intention to accept the Option Offer in respect of 270,000 Options exercisable into 270,000 Shares held by him (representing approximately 0.06% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer;
 - (b) Mr. Chou Tsan-Hsiung has indicated his intention to accept the Option Offer in respect of 270,000 Options exercisable into 270,000 Shares held by him (representing approximately 0.06% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer;
 - (c) Mr. Yang Yi has indicated his intention to accept the Option Offer in respect of 270,000 Options exercisable into 270,000 Shares held by him (representing approximately 0.06% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer;
 - (d) Dr. Li Jun has indicated his intention to accept the Option Offer in respect of 270,000 Options exercisable into 270,000 Shares held by him (representing approximately 0.06% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer;
 - (e) Mr. Chow Kin Wing has indicated his intention to accept the Option Offer in respect of 45,000 Options exercisable into 45,000 Shares held by him (representing approximately 0.01% of the total issued Shares as at the Latest Practicable Date), but would monitor the market price of the Shares during the Offer Period before deciding whether to accept or reject the Option Offer;

- (iv) none of the subsidiaries of the Company, pension fund of the Company or its subsidiaries, or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (v) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period;
- (vi) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company;
- (vii) no fund manager (other than exempt fund managers) connected with the Company, who manages funds on a discretionary basis, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (viii) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares as at the Latest Practicable Date and during the Relevant Period; and
- (ix) there was no understanding, arrangement, agreement or special deal between any Shareholder on one hand and the Company, its subsidiaries or associated companies on the other hand.

5. DISCLOSURE OF INTERESTS IN SHARES OF THE OFFEROR

- (i) As at the Latest Practicable Date, the Company has no shareholding in the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.
- (ii) As at the Latest Practicable Date, other than Mr. Wong who is the sole director and beneficial owner of the Offeror, none of the Directors is interested within the meaning of Part XV of the SFO in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.
- (iii) Neither the Company nor any of its Directors has dealt for value in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror during the Relevant Period.

6. LITIGATION

As at the Latest Practicable Date, the Group had potential litigation in the United States against the Company. On 18 October 2019, Mr. Hamza Farooqui (“**Mr. Farooqui**”) filed a claim against Silkwave Holdings Limited (“**Silksave**”), the Company’s associate, the Company, the Offeror, Mr. Wong, Dr. Liu Hui (a director of the Company) and three other related parties of Silkwave for breach of implied contract, quantum meruit, promissory estoppel, unjust enrichment, breach of contract, fraud and fraud in the inducement, constructive trust, and defamation (the “**Claim**”). In the Claim, it is alleged that, among other matters, the defendants in the Claim are liable to Mr. Farooqui for certain work he performed for the benefit of the defendants in connection with business transactions involving satellite assets in Asia and Africa and certain compensations.

As at the Latest Practicable Date, the Company was seeking legal advice in relation to the Claim. The Directors believe that the Claim is without merit and the likelihood of a significant loss arising from the Claim is small thus no provision of the Claim was considered necessary.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any members of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group within the two years preceding the commencement of the Offer Period and up to the Latest Practicable Date and were or might be material:

- (i) a conditional subscription agreement dated 29 June 2021 entered into between the Company and the Offeror in relation to the subscription of the Convertible Notes by the Offeror in the principal amount of US\$65,000,000; and
- (ii) an assignment of lease agreement dated 3 March 2021 entered into between Chi Vision USA Corporation (a non-wholly owned subsidiary of the Company) and Mobile Multimedia Tek Limited in relation to the assignment of certain time brokerage agreement/ancillary spectrum lease agreement and asset purchase option pertaining to the KMMC-LD low-power television station in San Francisco of the U.S. entered into between Chi Vision USA Corporation and New York Spectrum Holdings Company LLC, for the consideration of US\$1,000,000.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this Composite Document:

Name	Qualification
Centurion Corporate Finance Limited	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
CNI Global Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Rainbow Capital (HK) Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the experts mentioned above had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice and/or references to its name in the form and context in which it is included.

9. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, save as disclosed below, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

On 29 September 2021, Mr. Tam Hon Wah entered into a service contract with the Company for an initial fixed term of one year commencing from 29 September 2021 to 28 September 2022 (both dates inclusive) and entitled to a fixed remuneration of HK\$120,000 per annum. No variable remuneration is payable under such service contract.

10. MISCELLANEOUS

As at the Latest Practicable Date,

- (i) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (ii) there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offers or is otherwise connected with the Offers;
- (iii) there was no material contract entered into by the Offeror and parties acting in concert with it in which any Director has a material personal interest;
- (iv) The registered address of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands;
- (v) The principal place of business of the Company in Hong Kong is at Unit 1211, Level 12, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong;

- (vi) The Company's branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17/F, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong;
- (vii) Centurion and CNI are the Joint Independent Financial Advisers and their registered offices are situated at 7th Floor, Duke Wellington House, 14-24 Wellington Street, Central, Hong Kong, and Unit C, 36/F, China Online Centre, 333 Lockhart Road, Wan Chai, Hong Kong respectively;
- (viii) Rainbow Capital is the financial adviser of the Company and their registered office is situated at Room 5B, 12/F, Tung Ning Building, No. 2 Hillier Street, Sheung Wan, Hong Kong; and
- (ix) the English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are published on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company (<https://cmmbvision.com>), from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Company;
- (ii) the Annual Report 2018, the Annual Report 2019, the Annual Report 2020, and the Interim Report 2021;
- (iii) the supplemental announcement to the Annual Report 2018 dated 8 November 2019;
- (iv) the supplemental announcement to the Annual Report 2019 dated 31 August 2020;
- (v) the supplemental announcement to the Annual Report 2020 dated 25 October 2021;
- (vi) the supplemental announcement to the Interim Report 2021 dated 18 November 2021;
- (vii) the letter from the Board, the text of which is set out in this Composite Document;
- (viii) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

- (ix) the letter from the Joint Independent Financial Advisers, the text of which is set out in this Composite Document;
- (x) the material contracts referred to in the section headed “7. Material contracts” in this appendix;
- (xi) the written consent referred to in the section headed “8. Qualification and consent of experts” in this appendix;
- (xii) the service contract referred to in the section headed “9. Directors’ Service Agreements” in this appendix; and
- (xiii) this Composite Document and the accompanying Forms of Acceptance.