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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)

**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
AND
PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE
THE CONVERTIBLE NOTES**

SUMMARY

Very Substantial Acquisition and Connected Transaction

The Board is pleased to announce that on 23 May 2014 (after trading hours), the Company has entered into the Sale and Purchase Agreement with Chi Capital, pursuant to which the Company as the purchaser has conditionally agreed to purchase, and Chi Capital as the seller has conditionally agreed to sell, 79% interest in Chi Vision, which holds the user and operating rights over free-to-air UHF spectrum television stations inclusive of the spectrum usage, broadcasting rights and operating facilities in six top US metropolitan cities which are San Francisco, Dallas, Houston, Atlanta, Miami and Tampa with a coverage over 40 million in population.

The acquisition, when combined with the Company's New York TV platform, will give the Company one of the largest free-to-air terrestrial television networks in the US to expand its digital television broadcasting services, as well as a scalable wireless spectrum footprint to develop a mobile multimedia service network across the US catering to the roaring demand of digital mobile entertainment and mobile internet content delivery, hence opening up numerous revenue opportunities for the Company to increase its profitability.

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

The total consideration for the Acquisition is US\$68,000,000, out of which US\$30,000,000 will be paid by cash and US\$38,000,000 will be satisfied by the issue of the Convertible Notes.

The conversion price of the Convertible Notes of HK\$0.15 represents (i) a premium of approximately 15.4% to the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 16.6% to an average closing price of HK\$0.1286 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 17.5% to the average closing price of HK\$0.1277 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including the Last Trading Day.

Listing Rules Implications

As certain applicable percentage ratios of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of Chi Vision under Chapter 14 of the Listing Rules. Mr. Wong Chau Chi, being a Director, is a connected person of the Company, and hence Chi Capital, being an associate of Mr. Wong Chau Chi, is also a connected person of the Company under the Listing Rules. The Sale and Purchase Agreement and the Acquisition thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the transactions contemplated under it are subject to the reporting, announcement and the shareholders' approval requirements set out in Chapter 14 of the Listing Rules and the reporting, announcement and the Independent Shareholders' approval requirement under Chapter 14A the Listing Rules.

Proposed Grant of Specific Mandate to issue the Conversion Shares

The Company will seek the grant of the Specific Mandate from the Independent Shareholders to allot and issue the Conversion Shares upon conversion of the Convertible Notes, which form part of the consideration for the Acquisition.

EGM

The EGM will be convened as soon as practicable at which ordinary resolutions will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve (i) the Sale and Purchase Agreement and (ii) the transactions thereunder; and the grant of the Specific Mandate. Pursuant to the Listing Rules, at the EGM, Mr. Wong Chau Chi and his associates, including Chi Capital, are required to abstain from voting on the ordinary resolutions approving (i) the Sale and Purchase Agreement and the transaction thereunder; and (ii) the grant of the Specific Mandate. Voting at the EGM will be conducted by poll.

Independent Board Committee

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

Circular

A circular containing, inter alia, (i) further information on the Sale and Purchase Agreement; (ii) further information on the proposed Specific Mandate to issue the Convertible Notes; (iii) the notice of the EGM; (iv) the letter from Veda Capital to both the Independent Board Committee and the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions thereunder; and the Specific Mandate; and (v) the recommendation of the Independent Board Committee to the Independent Shareholders in connection thereto, will be dispatched to the Shareholders as soon as possible. As additional time is required by (i) the Company's valuers to finalize the valuation report of the Acquisition; and (ii) Veda Capital to finalize its advice to the Independent Board Committee, both of which will be included in the circular, it is currently expected that the circular will be despatched to the Shareholders on or before 23 June 2014.

The completion of the Sale and Purchase Agreement is subject to the fulfillment of various conditions precedents and may or may not proceed to the completion. The relevant capital lease for the Television Stations, being the major asset of Chi Vision, has an initial term of 25 years, while the licenses of the Television Stations are subject to renewal from time to time during the term of the lease, with three of these licenses due for renewal within year 2014. We cannot assure you that any of the licenses for any of the Television Stations will be duly renewed in the future. Please refer to the section headed "Information on Chi Vision — Licenses" for further details. Accordingly, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 23 May 2014 (after trading hours), the Company has entered into the Sale and Purchase Agreement with Chi Capital.

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

Date: 23 May 2014.

Parties: (i) Chi Capital as the seller; and
(ii) the Company as the purchaser.

Subject Matter: Pursuant to the Sale and Purchase Agreement, Chi Capital agreed to sell and the Company agreed to purchase 79% interest of Chi Vision. Upon completion of the Acquisition, Chi Vision will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into that of the Group.

Consideration: The consideration payable to Chi Capital under the Sale and Purchase Agreement is US\$68,000,000, which was determined based on arm's length negotiation between the parties thereto taking into account primarily comparable assets in the market.

In particular, for the purpose of determining the amount of consideration for the 79% interest in Chi Vision, the Board has taken into account (i) the valuation of the intangible assets, being television spectrum user rights, owned by CMMB Vision (USA) Inc., a non-wholly owned subsidiary of the Company which owns four UHF television stations totaling 24 MHz in spectrum bandwidth capable of broadcasting 24 digital channels with a population coverage of 8,175,133 covering New York City of US\$23.8 million as at 31 December 2013; (ii) prices of television spectrum per MHz per population covered (i.e. number of people) among the purchases and sales of comparable television spectrum licenses and air-wave in the US market, which ranged from US\$0.19 to US\$0.63 per MHz per population covered; (iii) and the additional value created by having a network of the Television Stations covering the population in six top key US cities.

Payment: *Cash:* US\$30,000,000 of the consideration for the Acquisition will be paid by cash, out of which US\$8,800,000 would be offset by the deposit paid by the Group to NYBB pursuant to the MOUs, and US\$21,200,000 will be payable upon Completion, which is expected to be funded by the proceeds from the Company's proposed rights issue as disclosed in the announcement of the Company dated 9 April 2014. In the event that the proposed rights issue cannot complete for whatever reasons, the Company will finance the cash consideration for the Acquisition by bank credit facility, shareholder loans, private equity, share placement, or a combination of the above.

Convertible Notes: The balance of consideration of US\$38,000,000 will be paid by way of the Company issuing the Convertible Notes with a total principal amount of US\$38,000,000, convertible into Shares at the initial conversion price of HK\$0.15 per Conversion Share upon Completion.

Failure to renew licenses: In the event that any of the licenses of the Television Stations which are due for renewal in year 2014 (the "**2014 Licenses**") are not renewed by the US Federal Communications Commission as a result of failure on the part of NY Spectrum and/or NYBB in complying with relevant regulatory requirements, the Company will be entitled to cancel such principal amount of the Convertible Notes held by Chi Capital equivalent to the value of the intangible asset attributable to the relevant Television Station(s) the license of which are not renewed as reported in the valuation report to be issued in connection with the Acquisition, which is to be contained in the Circular, up to 50% of the total principal amount of the Convertible Notes.

Conditions Precedent: Completion of the Sale and Purchase Agreement is conditional upon,

- (i) satisfactory due diligence on the legal, regulatory and financial status of Chi Vision;

- (ii) the issue of the valuation report on the 79% interest of Chi Vision to be acquired by the Company pursuant to the Sale and Purchase Agreement by an independent professional valuer, which will be disclosed in the Circular;
- (iii) relevant board resolutions, shareholders' approval, regulatory approvals where applicable, including the Independent Shareholders' approval of the Acquisition, having been obtained;
- (iv) all other approvals, consents, licenses, permits, transfers, waivers and exemptions necessary to complete and effect the Acquisition having been obtained;
- (v) the representations and warranties given by the parties in the Sale and Purchase Agreement being true and correct in all material respects as of the date of the Completion.

The Company is entitled to waive any of the conditions precedent to the Completion except the approval of the Acquisition by the Independent Shareholders and the issue of the valuation report on the 79% interest of Chi Vision to be acquired by the Company pursuant to the Sale and Purchase Agreement by an independent professional valuer.

The completion of the Sale and Purchase Agreement is subject to the fulfilment of various conditions precedents and may or may not proceed to the completion. Accordingly, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

FURTHER INFORMATION ON THE CONVERTIBLE NOTES

The salient terms of the Convertible Notes are as follows:

Coupon rate:	The Convertible Notes are not interest bearing
Total principal amount:	US\$38,000,000
Maturity date:	Six years from the date of issue of the Convertible Notes. The term of the Convertible Notes is determined by arm's length negotiation between the parties, taking into account the track record of previous convertible notes issued by the Company, the time by required by the Company to implement its business plans, and the terms of convertible notes issued by other public companies in the market.
Redemption Amount:	100% of the principal amount
Initial Conversion Price:	HK\$0.15 per Conversion Share, subject to adjustments as stated below. The conversion price of the Convertible Notes of HK\$0.15 represents (i) a premium of approximately 15.4% to the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 16.6% to an average closing price of HK\$0.1286 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 17.5% to the average closing price of HK\$0.1277 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including the Last Trading Day.
Number of Conversion Shares to be issued:	Upon full conversion of the Convertible Notes, a maximum of 1,965,866,667 Conversion Shares (subject to adjustment) will be issued, representing approximately 213% of the issued share capital of the Company as at the Latest Practicable Date and approximately 68% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares.

Conversion

Restrictions:

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

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

Transferability:

Until and unless the 2014 Licenses are duly renewed, Chi Capital is not entitled to transfer or dispose of more than 50% of the outstanding principal amount of the Convertible Notes or any of its interest in such Convertible Notes.

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

Adjustment of
conversion price:

The initial conversion price of HK\$0.15 per Share is subject to adjustments in the case of the following customary anti-dilution events, (i) free distribution of shares, subdivisions, consolidations or reclassification of shares, (ii) stock dividends, (iii) certain grant, offer or issue of options, rights or warrants or convertible or exchangeable securities; (iv) capital distributions including indebtedness, certain assets or shares of capital stock of the Company or certain other securities; (v) capitalization of profits or reserves; and (vi) issue of Shares for cash or as consideration for acquisition of assets at an issue price which is less than the then market price of the Shares.

The Company will make an announcement when there is any adjustment to the conversion price of the Convertible Notes.

Voting right:

Holder(s) of the Convertible Notes will not carry voting rights at any shareholders meetings of the Company by reason only of being holder(s) of the Convertible Notes.

Restrictive Covenants:

So long as 50% of the original principal amount of the Convertible Notes remains outstanding, the Company will not, and will ensure that none of its subsidiaries will create, or have outstanding, any encumbrance upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness, or any guarantee or indemnity in respect of any relevant indebtedness, without at the same time or prior thereto according to holders of the Convertible Notes the same security as is created or subsisting to secure any such relevant indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by the holder of the Convertible Notes.

Pre-emption Rights

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

Event of Default:

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

- (i) the Company fails to pay any principal amount in respect of the Convertible Notes when due, unless non-payment of such amount is due to administrative or technical error and payment is made within 3 business days of the due date thereof; or
- (ii) the Company defaults in the performance or observance of or compliance with any of its other obligations set out in the instrument of the constituting the Convertible Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 14 days after notice of the occurrence of such default by the holder of the Convertible Notes; or

- (iii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries (and, where any such appointment is made in relation to a major subsidiary, the appointment is not discharged within 14 days of it being made); or
- (iv) the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its major subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries (and, where any such appointment is made in relation to a major subsidiary, the appointment is not discharged or withdrawn within 14 days of it being made) or takes any proceeding under any law for a readjustment or deferment of its respective obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its respective creditors; or
- (v) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its major subsidiaries (and where any such petition, proceeding or order is presented, commenced or made in relation to a major subsidiary, such petition, proceeding or order is not set aside or withdrawn within 14 days of it being filed, commenced or made), except in the case of winding-up of any subsidiaries of the Company in the course of internal reorganisation without involving insolvency; or

- (vi) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its major subsidiaries (and, in the case of a major subsidiary, is not lifted within 14 days of it being agreed or declared) or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its major subsidiaries; or
- (vii) the Shares cease to be listed on the Stock Exchange; or
- (viii) there is a Change of Control event occurs, where a “Change of Control” occurs when (i) any person or persons acting together, other than Chi Capital and parties acting in concert with it, acquires Control of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person or persons, acting together.

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

Consequence of
Default:

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

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

Shareholder	Before completion of the Acquisition		After completion of the acquisition and full conversion of the Convertible Notes	
	Number of shares	%	Number of shares	%
Chi Capital ¹	155,857,838	16.9%	2,121,724,505	73.5%
Public	<u>765,353,056</u>	<u>83.1%</u>	<u>765,353,056</u>	<u>26.5%</u>
Total	<u>921,210,894</u>	<u>100.0%</u>	<u>2,887,077,561</u>	<u>100.0%</u>

Note:

- Chi Capital is also interested in Hong Kong dollar denominated convertible notes in the principal amount of HK\$45,785,596 issued by the Company to Chi Capital convertible into 138,744,230 Shares (subject to adjustment) upon conversion in full.

For illustration purpose only, in the event that the Convertible Notes were fully converted, the Conversion Shares will represent approximately 213.4% of the entire issued share capital of the Company as at the Latest Practicable Date, and approximately 56.6% of the entire issued share capital of the Company as enlarged by the issuance of the Conversion Shares on a fully diluted basis. Nevertheless, pursuant to the terms of the Sale and Purchase Agreement, Chi Capital will only be able to convert the Convertible Notes to the extent that (i) the public float of the Company would not fall below the Minimum Public Float and (ii) the Aggregate Beneficial Interest will not be equal to or exceed the Conversion Threshold as a result of any conversion of the relevant Convertible Notes triggering the obligation on the part of the holder of the Convertible Notes to make a mandatory general offer pursuant to the Takeovers Code.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is a next generation mobile multimedia broadcasting service provider. It pioneers mobile broadcasting technology and deploys mobile network that utilizes television broadcasting network to deliver internet-based multimedia and entertainments to the mass market just like the unicast-based cellular 3G/4G mobile network but with far greater efficiency and economies of scale. The Company's strategy is to start with the US market first, the media capital of the world, and then bundle the know-how experience to deploy the services globally.

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

The current acquisition under contemplation will add 6 more UHF television stations in each of the top six US metropolitan cities which are San Francisco, Dallas, Houston, Atlanta, Miami and Tampa.

The acquisition, when combined with the Company's New York TV platform, will give the Company one of the largest free-to-air terrestrial television networks in the US to expand its digital television broadcasting services, as well as a scalable wireless spectrum footprint to develop a mobile multimedia service network across the US catering to the roaring demand of digital mobile entertainment and mobile internet content delivery, and hence opening up numerous revenue opportunities for Company to increase its profitability.

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

The Board (excluding the independent non-executive Directors whose views will be expressed after considering the advice from the independent financial adviser) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES

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

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

INFORMATION ON CHI VISION

Background

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

The MOUs

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

Pursuant to the MOUs, the Group had paid a total of US\$8,800,000 as assignable and refundable deposits to NYBB in order to keep the Television Stations available for the Group's acquisition. Pursuant to the MOUs, the understanding of the parties was that so long as the Group had paid the relevant deposit and such deposit had not been refunded, NYBB should not dispose of the relevant television stations subject to acquisition by the Group. Taking into account that the MOUs were not legally binding, the deposits were refundable, the deposits were paid in increment and separate tranches based on each independent MOU, these deposits were part of normal business dealings for locking up the purchase of the television stations, the Board is of the view that the payment of these deposits were not notifiable transactions nor advances to entity under Listing Rules.

Background on NY Spectrum and NYBB

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

NYBB was set up by NY Spectrum to hold and manage the Television Stations for NY Spectrum. Other than carrying out tasks to ensure compliance with all the statutory requirements in respect of television spectrum owned by NY Spectrum, including filing, reporting, license renewal requirements administered by the US Federal Communication Commission, NYBB has no business operations. Taking into account the legal, regulatory, commercial, tax, and cross-border issues and potential risks and liabilities arising from implementing six separate MOUs with the Company, being a public company listed in Hong Kong, NYBB considered it more efficient and commercially desirable to first assign the MOU and transfer the relevant assets to a private company incorporated in the US, which will implement the commercial transactions contemplated under the six MOUs through one acquisition with the Group.

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

Accordingly, in April 2014, NYBB assigned all its rights and obligations under the MOUs to Chi Vision and transferred the relevant assets relating to the acquisitions contemplated under the MOUs to Chi Vision in consideration for Chi Vision allotting and issue shares representing 20% of the issued share capital interest in Chi Vision. In addition, as part of the commercial arrangements between Chi Capital and NY Spectrum, Chi Capital will share not more than 50% of the return on the Convertible Notes with NY Spectrum, if and when such economic benefit is realized by Chi Capital by way of disposal of the Convertible Notes or exercise of the conversion right attached to the Convertible Notes within a term of five years from the completion of the Acquisition. In addition to the 20% shareholding in Chi Vision and profit sharing provided to NY Spectrum, Chi Capital will provide financial assistance to NY Spectrum for business development and acquisition cost in the range of US\$50 million to US\$70 million in the coming three years and provide indemnification for any losses and liabilities incurred by NYBB and NY Spectrum that may result from the operation and maintenance of the Television Stations.

Information on the Television Stations

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

Station call name:	WAGC-LD
Location:	Atlanta, Georgia
Spectrum Use:	470 MHz — 476 MHz
Population coverage:	4,924,305
License grant date:	13 September 2013
License expiration date:	1 April 2021
Date of transfer to NY Spectrum:	13 September 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039
Station call name:	KMMC-LD
Location:	San Francisco, California
Spectrum Use:	626 MHz — 632 MHz
Population coverage:	5,474,006
License grant date:	7 November 2011
License expiration date:	1 December 2014
Date of transfer to NY Spectrum:	25 June 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039
Station call name:	KQHO-LD
Location:	Houston, Texas
Spectrum Use:	506 MHz — 512 MHz
Population coverage:	4,974,370
License grant date:	23 January 2013
License expiration date:	1 August 2014 (application for renewal filed on 26 March 2014)
Date of transfer to NY Spectrum:	20 September 2013
Initial expiration date of lease agreement with NY Spectrum:	30 April 2039

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

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

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

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

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

Chi Vision was set up in 24 January 2014 and the net asset value of Chi Vision as at 31 January 2014 is US\$50,000. The above net asset value of Chi Vision as at 31 January 2014 has not taken into consideration the valuation of the Television Stations and the valuation of the Television Stations will be performed by an independent professional valuer as part of the transaction.

The spectrum capacity and other assets of the Television Stations are acquired through a lease agreement with NYBB and NY Spectrum, the parent company of NYBB and a company incorporated in the US which is the holder of the spectrum licenses. The lease agreement stipulated a 25-year leasing term renewable at the option of Chi Vision for a further term of 10 years upon each expiration. Under the lease agreement, Chi Vision would make monthly lease payment of a small nominal amount with the right to renew the lease on the same terms and conditions. Such nominal amount of lease payment is substantially below the market rate of approximately US\$20,000 per month per digital channel as provided by brokers and dealers of spectrum trading, which means a theoretical total lease value of US\$8.64 million per annum for all of the channels of the Television Stations. NY Spectrum shall not sell, give away, donate, assign, transfer, pledge, grant any security interest in or otherwise dispose of, or enter into any option or commitment to do so, all or any material part of the assets subject to the lease agreement to any person other than Chi Vision or its assignee without the prior written consent of Chi Vision. Under the applicable accounting policies of the Company, upon completion of the Acquisition, the lease agreement will be accounted for as a long-term capital lease of Chi Vision.

The date of the grant of licenses in respect of each of the Television Stations set out above indicates the start of operation of the respective Television Stations. Since the Televisions Stations were transferred to NY Spectrum, the Television Stations have only been transmitting test signals without any programming and have not generated any revenue or profit for NY Spectrum, NYBB or Chi Vision. Chi Vision is in the process of negotiating with prospective customers the terms of the relevant agreements for their programming to be broadcasted on the relevant channels now owned by Chi Vision.

Licenses

As set out in the above summary, the license for each Television Station, being authorization (the “**FCC Authorizations**”) by the US Federal Communications Commission (the “**FCC**”), are subject to renewal from time to time. Under the lease agreement between Chi Vision, NY Spectrum and NYBB, NY Spectrum is required to continue to hold the FCC Authorizations and maintain them in good standing, provided that Chi Vision shall be responsible for preparing and providing NY Spectrum with any reports or notices to the FCC deemed necessary or appropriate regarding events affecting the FCC Authorizations that are under the purview or knowledge of Chi Vision. To the best of the knowledge of the Board regarding the US television broadcasting industry, renewal of FCC authorizations, such as the FCC Authorizations, is a matter of the normal course of business of any commercial television station in the US and, provided that the relevant television station has complied with the rules of the FCC during the period in which it is licensed to operate, such renewal will normally be granted after the standard procedures for renewal are followed. Based on the Company’s due diligence, the Company currently does not foresee any matters that would prevent the renewal of the FCC Authorizations which are due to expire in 2014. The consideration for the Acquisition is determined based on the assumption that all licenses of all the Television Stations will be duly renewed upon expiration. In the event that any of the licenses of the Television Stations are not renewed by the FCC as a result of any breach of the lease agreement by NY Spectrum or NYBB, Chi Vision will be entitled to terminate the lease agreement unilaterally, be indemnified of all damages, loss or claims as a result of breach of NY Spectrum’s obligations under the lease, and/or make claims against NY Spectrum for losses resulted through legal proceedings. As the legal owners of the FCC Authorizations, in accordance with the rules of the FCC, NY Spectrum has the rights and capacity to lease the FCC Authorizations to Chi Vision. Taking into account that NY Spectrum is contractually obliged to maintain the FCC Authorizations, the Board is of the view that the fact that the FCC Authorizations are subject to renewal does not affect the validity of the term of the lease agreement.

Net asset value and fair value of Chi Vision

Taking into account the prices of television spectra transacted in the US in year 2013 that are comparable to those owned by CMMB Vision (USA) Inc. on a per MHz per population basis, the fair value of the intangible asset, being television spectrum user rights, owned by CMMB Vision (USA) Inc. of US\$23.8 million as at 31 December 2013, and the additional value that would be created by having a the network of the six Television Stations, the Company estimated that the fair value of Chi Vision is

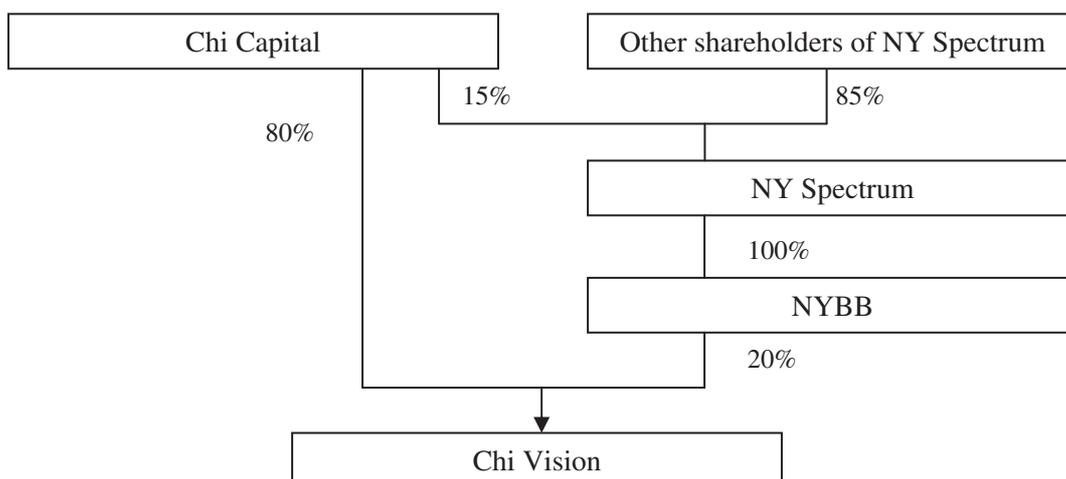
approximately US\$86 million, comprising primarily the intangible asset of the spectrum user rights of the Television Stations at US\$86 million and approximately US\$50,000 in cash and bank balances. As at 31 January 2014, Chi Vision had no liabilities.

For the two years ended 31 December 2013, the net profits before taxation and extraordinary items attributable to the assets of Chi Vision are nil and nil, respectively, and the net profit after taxation and extraordinary items are nil and nil, respectively. The original cost incurred by Chi Capital for setting up and owning the 80% interest in Chi Vision is US\$60,000.

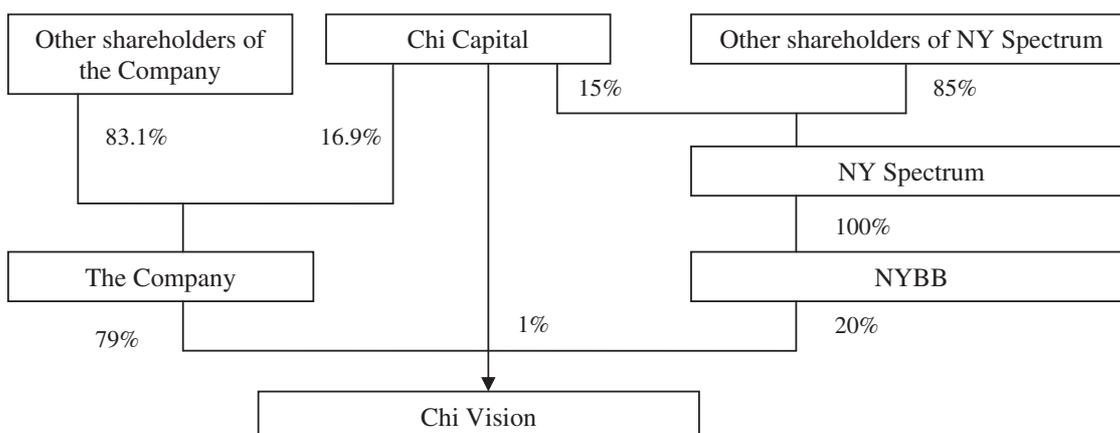
Shareholding structure of Chi Vision

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

Before the Completion:



After the Completion:



INFORMATION ON CHI CAPITAL

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

As at the date of this announcement, Chi Capital beneficially owned 155,875,838 Shares, representing approximately 16.92% of the issued share capital of the Company. Chi Capital also beneficially owned convertible notes (the “**Existing Convertible Notes**”) issued by the Company in the principal amount of HK\$45,785,596, convertible into a total 138,744,230 Shares (subject to adjustment) upon conversion in full. Mr. Wong Chau Chi, as the sole shareholder of Chi Capital, is deemed to be interested in the 155,875,838 Shares and the Existing Convertible Notes beneficially owned by Chi Capital under the provisions of Division 2 and 3 of Part XV of the SFO.

INFORMATION ON THE GROUP

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

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of Chi Vision under Chapter 14 of the Listing Rules. Mr. Wong Chau Chi, being a Director, is a connected person of the Company, and hence Chi Capital, being an associate of Mr. Wong Chau Chi, is also a connected person of the Company under the Listing Rules. The Sale and Purchase Agreement and the Acquisition thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the transactions contemplated under it are subject to the reporting, announcement and the shareholders’ approval requirements set out in Chapter 14 of the Listing Rules and the reporting, announcement and the Independent Shareholders’ approval requirement under Chapter 14A the Listing Rules.

EGM

The EGM will be convened as soon as practicable at which ordinary resolutions will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve (i) the Sale and Purchase Agreement and the transactions thereunder; and (ii) the Specific Mandate. Pursuant to the Listing Rules, at the EGM, Mr. Wong Chau Chi and his associates, including Chi Capital, are required to abstain from voting on the ordinary resolutions approving (i) the Sale and Purchase Agreement and the transaction thereunder; and (ii) the Specific Mandate. Voting at the EGM will be conducted by poll.

INDEPENDENT BOARD COMMITTEE

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

CIRCULAR

A circular containing, inter alia, (i) further information on the Sale and Purchase Agreement; (ii) further information on the proposed Specific Mandate to issue the Convertible Notes; (iii) the notice of the EGM; (iv) the letter from Veda Capital to both the Independent Board Committee and the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions thereunder; and the Specific Mandate; and (v) the recommendation of the Independent Board Committee to the Independent Shareholders in connection thereto, will be dispatched to the Shareholders as soon as possible. As additional time is required by (i) the Company's valuers to finalise the valuation report of the Acquisition; and (ii) Veda Capital to finalise its advice to the Independent Board Committee, both of which will be included in the circular, it is currently expected that the circular will be despatched to the Shareholders on or before 23 June 2014.

DEFINITIONS

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

“Acquisition”	the transactions contemplated under the Sale and Purchase Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chi Capital”	Chi Capital Holdings Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly owned by Mr. Wong Chau Chi, the chief executive officer of the Group, an executive Director and the chairman of the Board
“CMMB”	China Mobile Multimedia Broadcasting, a digital mobile multimedia technology developed by and currently commercially deployed in China under the SARFT. It can deliver digital mobile television and multimedia contents via both terrestrial and satellite networks directly to mobile and wireless devices such as smartphone, tablet, pocket television, lap-tops, automobile digital receivers and personal media player that are equipped with a CMMB—enabled chipset. Its broadcast oriented delivery can render data contents to be received anytime anywhere with enormous scale and cost efficiency and encounter no traffic interruption or bandwidth squeeze typical of today’s unicast-based cellular network. The signals can be received over 350 kilometer/hour without distortion. The technology is also known as sTiMi (Satellite and Terrestrial Interactive Mobile Infrastructure”)

“Chi Vision”	Chi Vision (USA) Inc., a company established in Delaware, US with limited liability and is owned as to 20% by NYBB and 80% by Chi Capital immediately prior to the signing of the Sale and Purchase Agreement
“Company”	CMMB Vision Holdings Ltd., a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Shares”	the 1,965,866,667 new Shares to be issued by the Company to Chi Capital pursuant to the exercise of the conversion rights attached to the Convertible Notes
“Convertible Notes”	the notes with a total principal amount of US\$38,000,000 to be issued by the Company to Chi Capital as part of consideration for the Acquisition under the Sale and Purchase Agreement, convertible into the Shares at HK\$0.15 per Share
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement, Acquisition contemplated thereunder and to grant the Specific Mandate
“General Offer”	an offer to buy all Shares from all shareholders
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Acquisition, the Specific Mandate to issue the Convertible Notes

“Independent Shareholders”	the Shareholders other than Mr. Wong Chau Chi and his associates
“Issue Date”	the date of issue of the Convertible Notes
“Last Trading Day”	23 May 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MHz”	mega hertz
“MOUs”	the several memoranda of understanding entered into by the Group and NYBB as disclosed in the announcements of the Company dated 5 September 2013 and 3 October 2013, 6 November and 15 November 2013
“NYBB”	New York Broadband Holding Ltd., a company incorporated under the laws of Delaware, US
“NY Spectrum”	New York Spectrum Holdings Inc., a limited liability company incorporated in Delaware, US
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement 23 May 2014 entered into between the Company as the purchaser and Chi Capital as the seller with respect to the sale and purchase of 79% interest of Chi Vision
“SARFT”	the State Administration of Radio, Film, and Television (國家廣播電影電視總局) of the PRC
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to be considered and, if thought fit, granted by the Shareholders to the Board to issue the Convertible Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs

“Television Stations”	as defined in the sub-section headed “Information on Chi Version — Information on the Television Stations” in this announcement
“UHF”	Ultra High Frequency designates the radio frequency range of electromagnetic waves between 300 MHz and 800 MHz, which is the most efficient band used widely to carry broadcast television signals
“US”	the United States of America
“US\$”	US dollar, the lawful currency of US
“Veda Capital”	Veda Capital Limited, the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Sale and Purchase Agreement, the Acquisition and the Specific Mandate
“%”	per cent

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

Hong Kong, 23 May 2014

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. WONG Chau Chi and Dr. Hui LIU; two non-executive Directors, namely Mr. CHOU Tsan-Hsiung and Mr. YANG Yi; and three independent non-executive Directors, namely Mr. WANG Wei-Lin, Mr. Shan LI and Dr. LI Jun.