

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 announcement.



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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The board (the “Board”) of directors (the “Directors”) of CMMB Vision Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	<i>NOTES</i>	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Revenue	4	6,089	8,669
Cost of sales		<u>(4,242)</u>	<u>(8,212)</u>
Gross profit		1,847	457
Other income		17	1
Administrative expenses		(1,966)	(1,973)
Market development and promotion expenses		(4,312)	(6,274)
Other expenses		(378)	(701)
Finance costs	5	(2,092)	(1,698)
Impairment loss recognised on financial assets at fair value through profit or loss		(2,118)	–
Loss on disposal of a subsidiary	6	(7,629)	–
Share of loss of a joint venture		(106)	–
Elimination of derivative component upon redemption of convertible notes		–	1,278
Change in fair value of financial assets at fair value through profit or loss		–	118
Impairment loss recognised on goodwill		–	(11,188)
Impairment loss recognised on intangible assets		<u>–</u>	<u>(1,685)</u>
Loss before tax		(16,737)	(21,665)
Income tax expense	7	<u>(59)</u>	<u>(66)</u>
Loss for the year	8	<u>(16,796)</u>	<u>(21,731)</u>

	<i>NOTES</i>	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
–Exchange differences arising on translation of foreign operations		(49)	(37)
–Reclassification of cumulative exchange difference attributable to a disposed subsidiary to profit or loss		<u>21</u>	<u>–</u>
Total comprehensive expense for the year		<u>(16,824)</u>	<u>(21,768)</u>
Loss for the year attributable to:			
– Owners of the Company		(17,327)	(21,405)
– Non-controlling interests		<u>531</u>	<u>(326)</u>
		<u>(16,796)</u>	<u>(21,731)</u>
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(17,355)	(21,442)
– Non-controlling interests		<u>531</u>	<u>(326)</u>
		<u>(16,824)</u>	<u>(21,768)</u>
		US\$	US\$ (Restated)
Loss per share			
	9		
Basic		<u>(0.0110)</u>	<u>(0.0418)</u>
Diluted		<u>(0.0110)</u>	<u>(0.0418)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		2016	2015
	<i>NOTES</i>	<i>US\$'000</i>	<i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		443	752
Intangible assets		106,588	106,588
Deposits for the acquisition of assets		91,442	26,012
Interests in associates		–	–
Financial asset at fair value through profit or loss		–	2,118
		<u>198,473</u>	<u>135,470</u>
CURRENT ASSETS			
Trade and other receivables	10	1,275	2,495
Amount due from a related company		4,639	1,331
Bank balances and cash		5,925	10,412
		<u>11,839</u>	<u>14,238</u>
Assets classified as held for sale		<u>7,171</u>	–
		<u>19,010</u>	<u>14,238</u>
CURRENT LIABILITIES			
Trade and other payables	11	3,828	1,566
Tax payable		35	35
		<u>3,863</u>	<u>1,601</u>
NET CURRENT ASSETS		<u>15,147</u>	<u>12,637</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>213,620</u>	<u>148,107</u>
NON-CURRENT LIABILITIES			
Convertible notes		<u>20,712</u>	<u>18,622</u>
		<u>192,908</u>	<u>129,485</u>
CAPITAL AND RESERVES			
Share capital	12	2,419	80,673
Share premium and reserves		162,134	20,988
Equity attributable to owners of the Company		164,553	101,661
Non-controlling interests		28,355	27,824
TOTAL EQUITY		<u>192,908</u>	<u>129,485</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company acts as an investment holding company. The Company together with its subsidiaries (collectively the “Group”) are principally engaged in the development and promotion of CMMB-based multimedia and interactive services via proprietary terrestrial infrastructure. In the People’s Republic of China (the “PRC”), subject to the satisfaction of certain conditions, the Company entered into a sale and purchase agreement with Chi Capital Holdings Ltd (“Chi Capital”), a company wholly owned by Mr. Wong Chau Chi (“Mr. Wong”), the chief executive officer of the Group and the executive director and shareholder of the Company, pursuant to which the Company has conditionally agreed to purchase 20% equity interest of Silkwave Holdings Limited, through its wholly-owned subsidiary, indirectly holds a geosynchronous L-band satellite operating platform, including the AsiaStar satellite capacity, its 40MHz spectrum frequency use, orbital slots, the Silkwave-1 satellite under construction and a media service platform with ample international programming, in order to provide multimedia broadcasting and internet-based content delivery services to vehicles and mobile devices in China and Asia Pacific Region. In the United States of America (“USA”), the Group is operating a terrestrial UHF wireless television (“TV”) network providing digital media and entertainment services to New York and other key markets in preparation to deploying a similar multimedia service platform in USA.

China Mobile Multimedia Broadcasting (“CMMB”) is a digital mobile multimedia technology developed by and currently commercially deployed in the PRC under the State Administration of Press, Production, Radio, Film and Television (“SAPPRFT”). It can deliver digital mobile TV and multimedia contents via both terrestrial and satellite networks directly to mobile and wireless devices such as smartphone, tablet, pocket TV, 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”).

It is the plan of the Company to apply the CMMB technology to the existing TV broadcasting services so as to provide mobile TV services in the future.

The Group is also engaged in trading which relates to the procurement and distribution of printed circuit board (“PCB”) materials.

The consolidated financial statements are presented in United States dollars, which is also the functional currency of the Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis. In preparing the consolidated financial statements, the directors of the Company (the “Director”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of US\$16,796,000 for the year ended 31 December 2016 and the Group’s net current assets of US\$15,147,000 as at 31 December 2016. In the opinion of the Directors, the Group is able to continue as a going concern in the coming year taking into consideration the measures which include, but not limited to, that Chi Capital has agreed to provide financial support to enable the Group to meet its financial obligations as they fall due in the foreseeable future.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Applications of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) **New and amendments to HKFRSs issued but not yet effective**

The Group has not early applied the following new and amendment to HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers and related Amendments ²
HKFRS 16	Leases ³
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹

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

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

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

⁴ *Effective for annual periods beginning on or after a date to be determined.*

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the application of HKFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2016.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Furthermore, extensive disclosures are required by HKFRS 16.

Except as described above, the Directors do not anticipate that the application of the other new and revised HKFRSs will have a material effect on the Group’s consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. CMMB business – Provision of transmission and broadcasting of TV programs.
2. Trading business – Trading of PCB materials.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2016

	CMMB business US\$'000	Trading business US\$'000	Total US\$'000
Revenue			
Segment revenue	<u>2,736</u>	<u>3,353</u>	<u>6,089</u>
Segment loss	(296)	(170)	(466)
Market development and promotion expenses	(4,312)	–	(4,312)
Loss on disposal of a subsidiary	–	–	(7,629)
Share of loss of a joint venture	(106)	–	(106)
Impairment loss recognised on financial assets at fair value through profit or loss	(2,118)	–	(2,118)
Interest income	–	–	2
Unallocated expenses			<u>(2,167)</u>
Loss for the year			<u><u>(16,796)</u></u>

For the year ended 31 December 2015

	CMMB business <i>US\$'000</i>	Trading business <i>US\$'000</i>	Total <i>US\$'000</i>
Revenue			
Segment revenue	<u>612</u>	<u>8,057</u>	<u>8,669</u>
Segment (loss) profit	(2,134)	381	(1,753)
Impairment loss recognised on goodwill	(11,188)	–	(11,188)
Market development and promotion expenses	(6,274)	–	(6,274)
Change in fair value of financial asset at fair value through profit or loss	118	–	118
Interest income			1
Unallocated expenses			<u>(2,635)</u>
Loss for the year			<u><u>(21,731)</u></u>
Segment assets			
		2016	2015
		<i>US\$'000</i>	<i>US\$'000</i>
CMMB business		198,234	135,829
Trading business		<u>1,523</u>	<u>1,392</u>
Total segment assets		199,757	137,221
Unallocated			
– Property, plant and equipment		248	650
– Other receivables		196	285
– Amount due from a related company		4,639	1,331
– Bank balances and cash		5,472	10,221
Assets classified as held for sale		<u>7,171</u>	<u>–</u>
Consolidated assets		<u>217,483</u>	<u>149,708</u>

Segment liabilities

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
CMMB business	23,100	18,683
Trading business	<u>1,072</u>	<u>853</u>
Total segment liabilities	24,172	19,536
Unallocated		
– Accruals	387	674
– Other payables	<u>16</u>	<u>13</u>
Consolidated liabilities	<u><u>24,575</u></u>	<u><u>20,223</u></u>

Revenue from major products and services

The following is the analysis of the Group's revenue from its major products and services:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Trading of PCB materials	3,353	8,057
Transmission and broadcasting of television programs	<u>2,736</u>	<u>612</u>
	<u><u>6,089</u></u>	<u><u>8,669</u></u>

Other segment information

	CMMB business US\$'000	Trading business US\$'000	Total US\$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Year ended 31 December 2016			
Depreciation	26	–	26
Loss on disposal of property, plant and equipment	9	–	9
Impairment loss recognised on financial assets at fair value through profit or loss	2,118	–	2,118
Effective interest expense on convertible notes	2,090	–	2,090
Income tax expense	<u>59</u>	<u>–</u>	<u>59</u>
Year ended 31 December 2015			
Depreciation	13	–	13
Elimination of derivative component upon redemption of convertible notes	(1,278)	–	(1,278)
Impairment loss recognised on intangible assets	1,685	–	1,685
Effective interest expense on convertible notes	1,696	–	1,696
Income tax expense	<u>59</u>	<u>7</u>	<u>66</u>

Geographical information

The Group principally operates in the USA (country of domicile of the operating subsidiary) for CMMB business and in Taiwan for Trading business. Nearly all non-current assets of the Group are located in the USA except for insignificant non-current assets (such as office equipment and motor vehicles in Hong Kong office) are located in Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations.

	Revenue from external customers	
	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
USA	2,736	612
Taiwan	<u>3,353</u>	<u>8,057</u>
	<u>6,089</u>	<u>8,669</u>

5. FINANCE COSTS

	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Effective interest expense on convertible notes	2,090	1,696
Bank interest expense	<u>2</u>	<u>2</u>
	<u>2,092</u>	<u>1,698</u>

6. LOSS ON DISPOSAL OF A SUBSIDIARY

On 19 July 2016, the Group transferred 51% of the equity interest in Global Vision Media Technology Company ("Global Vision"), its wholly-owned subsidiary in China, to Global Broadcasting Media Group ("GMG") at a consideration of RMB1. 49% of the equity interest retained in Global Vision became a joint venture of the Group and is accounted for using the equity method.

	<i>US\$'000</i>
Consideration	<u><u>–</u></u>

Analysis of assets and liabilities over which control was lost:

	<i>US\$'000</i>
Property, plant and equipment	483
Other receivables	626
Bank balances and cash	13,902
Other payables	<u>(93)</u>
Net assets of Global Vision disposed of	<u><u>14,918</u></u>

Loss on disposal of a subsidiary:

	<i>US\$'000</i>
Consideration	–
Net assets disposed of	(14,918)
49% equity interest retained in Global Vision	7,310
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	<u>(21)</u>
Loss on disposal of 51% Global Vision	<u><u>(7,629)</u></u>

Net cash outflow arising on disposal:

Cash consideration	–
Less: bank balances and cash disposed of	<u>(13,902)</u>
	<u><u>(13,902)</u></u>

7. TAXATION

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Current tax:		
Withholding tax on foreign income	59	59
Taiwan Income Tax	—	7
	<u>59</u>	<u>66</u>

Withholding tax on foreign income represented PRC withholding tax on income from a PRC customer at 10% of the gross invoice amount.

Hong Kong Profits Tax is calculated at 16.5% for both years. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in Hong Kong for both years.

Taiwan Income Tax is calculated at a prevailing rate of 17% for both years. No provision for Taiwan Income Tax has been made as the Group does not have assessable profit arising in Taiwan for the year ended 31 December 2016. Provision for Taiwan Income Tax was made in 2015 as the Group had assessable profit arising in Taiwan for that year.

Taxation arising in the USA is calculated at a prevailing rate at 38% for the both years. No provision for Federal Income Tax and State and Local Income Tax has been made as the Group has tax losses brought forward from previous years which are available to set off against the current year's assessable profit.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% from 1 January 2008 onward. No provision for PRC income tax has been made in the consolidated financial statements as all of the PRC subsidiaries did not have taxable income for both years.

8. LOSS FOR THE YEAR

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Loss for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
– Directors' remuneration	205	175
– Salaries and allowances	1,432	988
– Retirement benefit scheme contributions	<u>51</u>	<u>18</u>
Total staff costs	<u>1,688</u>	<u>1,181</u>
Included in other expenses:		
– Exchange loss, net	36	14
– Legal and professional fee	<u>31</u>	<u>544</u>
Auditor's remuneration	148	154
Depreciation of property, plant and equipment	132	49
Loss on disposal of property, plant and equipment	<u>9</u>	<u>–</u>

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the year is based on the following data:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share		
	(17,327)	(21,405)
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	N/A	N/A
– Change in fair value of derivative components of convertible notes	<u>N/A</u>	<u>N/A</u>
Loss for the year attributable to owners of the Company for the purpose of dilutive loss per share	<u>(17,327)</u>	<u>(21,405)</u>

	2016	2015 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,570,242,196	511,531,651
Effect of dilutive potential ordinary shares:		
– Convertible notes	N/A	N/A
– Share options	N/A	N/A
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of dilutive loss per share	<u>1,570,242,196</u>	<u>511,531,651</u>

The computation of the diluted loss per share for the year ended 31 December 2016 and 2015 does not assume the conversion of the Company's outstanding convertible notes and share options since their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the year ended 31 December 2015 has been adjusted for the effect of the rights issue and the issue of bonus shares completed on 18 April 2016 and the effect of share consolidation completed on 21 June 2016.

10. TRADE AND OTHER RECEIVABLES

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Trade receivables	1,070	1,187
Other receivables and deposits	149	1,146
Prepayments	56	162
	<hr/>	<hr/>
Total trade and other receivables	<u>1,275</u>	<u>2,495</u>

The aging analysis of the trade receivables, presented based on invoice date, which approximated the respective revenue recognition dates as at the end of the reporting period are as follows:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
0 – 30 days	259	356
31 – 60 days	208	448
61 – 90 days	245	41
Over 90 days	358	342
	1,070	1,187

11. TRADE AND OTHER PAYABLES

The aging analysis of the trade payables as at the end of the reporting period, presented based on invoice date, are as follows:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
0 – 90 days	703	780
91 – 180 days	327	16
	1,030	796
Accruals	397	740
Deposits received	2,385	–
Other payables	16	30
Total trade and other payables	3,828	1,566

12. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each	Number of ordinary shares of HK\$1 each	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$'000	Shown as US\$'000
<i>Authorised:</i>					
At 1 January 2015	5,000,000,000	–	–	500,000	
Addition	45,000,000,000	–	–	4,500,000	
At 31 December 2015	50,000,000,000	–	–	5,000,000	
Share consolidation (<i>note iii</i>)	(50,000,000,000)	5,000,000,000	–	–	
Share-subdivision (<i>note iv</i>)	–	(5,000,000,000)	500,000,000,000	–	
At 31 December 2016	–	–	500,000,000,000	5,000,000	
<i>Issued and fully paid:</i>					
At 1 January 2015	3,770,498,890	–	–	377,050	48,651
Issue of new shares by placement	1,732,690,387	–	–	173,269	22,357
Issue of Shares on partial conversion of 2021 Convertible Notes	750,000,000	–	–	75,000	9,665
At 31 December 2015 and 1 January 2016	6,253,189,277	–	–	625,319	80,673
<i>Issue of new shares (note i)</i>					
Rights issue	6,253,189,277	–	–	625,319	80,595
Bonus shares	6,253,189,277	–	–	625,319	80,595
Exercise of share options (<i>note ii</i>)	40,169	–	–	4	–
Share consolidation (<i>note iii</i>)	(18,759,608,000)	1,875,960,800	–	–	–
Capital reduction (<i>note iv-a</i>)	–	(1,875,960,800)	1,875,960,800	(1,857,201)	(239,444)
At 31 December 2016	–	–	1,875,960,800	18,760	2,419

Notes:

- (i) The Company raised approximately HK\$625.32 million before expenses by way of issue of 6,253,189,277 new shares pursuant to the Rights Issue on the basis of one Rights Share for every one share in issue on the record date at the subscription price of HK\$0.1 per Rights Share. It is also proposed to allot and issue the Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue. All the resolutions approving the Rights Issue and the issue of Bonus Shares were duly passed at the extraordinary general meeting of the Company on 15 March 2016. On 18 April 2016, the Company issued 6,253,189,277 new shares pursuant to the Rights Issue and a total of 6,253,189,277 new shares have been issued pursuant to the Bonus Shares.
- (ii) On 4 May 2016, 40,169 share options have been exercised.
- (iii) On 20 June 2016, an extraordinary general meeting of the Company was held and the resolutions of the share consolidation of the Company involving consolidation of the number of shares on the basis that every ten issued and unissued shares consolidated into one consolidated share of HK\$1.00 each were approved, with effect from 21 June 2016.
- (iv) On 20 June 2016, an extraordinary general meeting of the Company was held and the resolutions of capital reduction of issued shares and sub-division of unissued shares which has become effective on 8 September 2016. The capital reduction of issued shares and sub-division of unissued shares involved the following:
 - (a) the par value of each of the issued consolidated shares be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.99 on each of the issued consolidated shares by way of a reduction of capital, so as to form issued new shares with par value of HK\$0.01 each;
 - (b) the credit arising from the capital reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the capital reduction, thereby reducing the accumulated losses of the Company. The balance of credit is transferred to “distributable reserve”; and
 - (c) immediately following the capital reduction, each of the then authorized but unissued consolidated Shares with par value of HK\$1.00 each be subdivided into 100 New Shares with par value of HK\$0.01 each;

These new shares rank *pari passu* with the existing shares in issue in all aspects.

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL REVIEW

REVIEW OF OPERATIONS/BUSINESS

The principal activity of CMMB Vision Holdings Limited (the “Company”) is investment holding whilst its subsidiaries are mainly engaged in provision of China Mobile Multimedia Broadcasting (“CMMB”) and trading of printed circuit board materials.

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

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

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

The principal activity of the Company is investment holdings whilst its subsidiaries are mainly engaged in provision of CMMB services and trading business. The Company has been pursuing opportunities arising from China’s new policy in support of 3-Way Network Convergence (television (“TV”), telecom and internet) and, in particular, has been focused on developing mobile TV and interactive multimedia business based on CMMB standards. The Company’s goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

PROSPECTS

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

Developed by the State Administration of Press, Production, Radio, Film, and Television (“SAPPRFT”) of the People’s Republic of China (the “PRC”) with collaboration from the United States, CMMB is one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile TV delivery and data delivery through Internet by the Internet Protocol (“IP data”). It is Orthogonal frequency-division multiplexing (“OFDM”) based, and can readily interact with other OFDM technologies such as third generation mobile technology 3G, fourth generation mobile technology (“4G”) based on Institute of Electrical and Electronics Engineers standards 802.16(e) (“WiMax”) and 4G Long Term Evolution (“4G LTE”). The key feature of CMMB is that it can deliver streaming live mobile video and push-IP data in a massive quantity and instant speed simultaneously to an unlimited number of mobile users anytime anywhere at very low cost. CMMB has been widely deployed over 330 Chinese cities with the support of world’s largest mobile network and supply-chain ecosystem.

The Group’s main business will apply the CMMB technology to address the growing bottleneck caused by video and Internet data content distribution, which can no longer be accommodated by the conventional unicast – based mobile communication technologies. In China, its goal is to become a leading CMMB service provider. Globally, its goal is to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

FINANCIAL REVIEW

For the year ended 31 December 2016, the Group recorded loss for the year of US\$16,796,000 (2015: US\$21,731,000), representing a decrease of 22.7%. Loss per share was approximately US1.10 cents (2015: US4.18 cents) and net assets per share of the Group was approximately US8.8 cents (2015: US1.6 cents).

During the year ended 31 December 2016, the Group is engaged in provision of transmission and broadcasting of television programs (“CMMB Business”) and trading of printed circuit board materials (“Trading Business”) with revenue of US\$6,089,000 (2015: US\$8,669,000). The decrease in revenue of US\$2,580,000 or 29.8% was mainly due to the decrease in trading of printed circuit board materials by US\$4,704,000, which is offset by the increase in TV rental income of US\$2,124,000.

Cost of sales mainly includes cost of goods sold, staff costs, operating lease payments. The decrease in cost of sales of US\$3,970,000 or 48.3% was due to the decrease in cost of goods sold of US\$4,272,000 and increase in operating lease payments of US\$248,000 for the year.

Gross profit has increased from US\$457,000 in year 2015 to US\$1,847,000 in year 2016, increased by 3 times which was arisen from the increase in TV rental income with higher gross profit margin than trading of printed circuit board materials.

Administrative expenses for the year ended 31 December 2016 decreased by 0.4% to US\$1,966,000 as compared to that of US\$1,973,000 for the year ended 31 December 2015 which is composed of headquarter staff costs, office rent and general administrative expenses.

Market development and promotion expenses decreased by 31.3% to US\$4,312,000 (2015: US\$6,274,000) which include consultancy services fees for business development, travelling expenses for attending business conferences and meetings as well as research and development costs. The decrease in market development and promotion expenses was due to the decrease in external consultancy services for the year.

Other expenses for the year ended 31 December 2016 amounted to US\$378,000 (2015: US\$701,000) include listing fees, printing charges and corporate legal and professional fees for the proposed acquisitions and other corporate transactions.

Finance costs of the Group for the year ended 31 December 2016 amounted to US\$2,092,000 (2015: US\$1,698,000) which mainly represents the effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the year.

Loss on disposal of a subsidiary of is US\$7,629,000.

Impairment loss recognized on financial assets at fair value through profit or loss is US\$2,118,000.

There is no elimination upon redemption of convertible notes (2015: US\$1,278,000) for the year ended 31 December 2016 as the relevant convertible note was matured and redeemed in 2015.

There is no impairment loss recognized on goodwill (2015: US\$11,188,000) for the year ended 31 December 2016 as the carrying amount of goodwill is nil.

There is no impairment loss recognized on intangible assets (2015: US\$1,685,000) for the year ended 31 December 2016 as the management of the Group determined that the recoverable amount is higher than its carrying amount of the cash generating units arising from intangible assets.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2016.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group increased to US\$192,908,000 as at 31 December 2016 as compared with US\$129,485,000 in 2015 which was mainly derived from the proceeds of rights issue completed on 18 April 2016. Current assets amounted to US\$19,010,000 (2015: US\$14,238,000) comprising bank balances and cash of US\$5,925,000 (2015: US\$10,412,000), trade and other receivables of US\$1,275,000 (2015: US\$2,495,000) and amount due from a related company of US\$4,639,000 (2015: US\$1,331,000). Current liabilities amounted to US\$3,863,000 (2015: US\$1,601,000) representing trade and other payables of US\$3,828,000 (2015: US\$1,566,000) and tax payable of US\$35,000 (2015: US\$35,000).

As at 31 December 2016, the Group's current ratio was 4.9 (2015: 8.9) and the gearing ratio (a ratio of total loans to total assets) was 9.5% (2015: 12.4%). Other than convertible notes of US\$20,712,000, the Group did not have any bank borrowings as at 31 December 2016 (2015: Nil).

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

CONTINGENT LIABILITIES

As at 31 December 2016, the Group has provided a guarantee for its equity investment of an aggregate amount of US\$1,551,000 in respect of an upgrade project undertaken by its equity investment (2015: US\$1,551,000).

FOREIGN CURRENCY EXCHANGE RISK

Most of the assets, liabilities and transactions of the Group are denominated in United States dollar. The management of the Group considers that foreign exchange risk does not have significant impact to the Group, therefore, the Group did not make any hedging arrangement for the year ended 31 December 2016.

SEGMENTAL INFORMATION

Details of segmental information of the Group is set out in note 4 to this announcement.

EMPLOYEE BENEFITS

The average number of employees of the Group for the year ended 31 December 2016 was approximately 30 (2015: 40). The Group’s staff costs (including Directors’ fees and emoluments) for the year ended 31 December 2016 amounted to US\$1,688,000 (2015: US\$1,181,000). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the Period, the Company has not granted any share options to Directors, employees and consultants of the Group under the new share option scheme of the Company adopted on 18 December 2015.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest and the five largest customers of the Group accounted for approximately 48% and 98% of the Group's revenue, respectively.

At no time during the year did a Director, an associate of a Director or any shareholders (which to the knowledge of the Directors had more than 5% interests in the Company) had an interest in any of the Group's five largest customers or suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

The Company has complied with the requirements of the Code Provisions in the CG Code throughout the year ended 31 December 2016 except that the Company has been deviated from the Code Provision A.2.1 of the CG Code, as the roles of Chairman and chief executive officer of the Company were not separate. With effect from 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been re-designated as the Chairman and Mr. Wong also remains as the chief executive officer of the Company. According to the Code Provision A.2.1 of the CG Code, the roles of a chairman and a chief executive officer should be separate and should not be performed by the same individual. Given Mr. Wong has had extensive experience in the business of the Group and has performed satisfactorily since his joining of the Company in 2007, particularly in soliciting for possible new business opportunities and deducing the overall strategic plan for the future development of the Company, the Board considers that it would be beneficial to the Group if Mr. Wong is also in charge of overseeing the Company's operations as the Chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code for Securities Transactions by Directors of Listed Issues (“Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the year ended 31 December 2016 and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the code of conduct throughout the year ended 31 December 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Director, namely Mr. Wang Wei-Lin, Mr. Li Shan and Dr. Li Jun, an annual confirmation of their independence pursuant to the Rule 3.13 of the Listing Rules. Based on such confirmations, the Board considers all of the independent non-executive Directors are independent.

The Company has complied with the provisions of 3.10(1) and 3.10(2) of the Listing Rules that sufficient number of independent non-executive Directors have been appointed and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

AUDIT COMMITTEE

An Audit Committee was established to review and supervise the Group’s financial reporting process and internal controls. The Company has adopted a revised written terms of reference with reference to the corresponding changes made to the code provisions of the CG Code. The Audit Committee currently comprises Mr. Li Shan and Dr. Li Jun, being independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Mr. Li Shan is the chairman of the Audit Committee.

The Company has complied with the provision of Rule 3.21 of the Listing Rules that the Company’s audit committee comprises a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2016.

REMUNERATION COMMITTEE

A Remuneration Committee was established to formulate and make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management of the Group.

The Remuneration Committee currently comprises the three independent non-executive Directors, namely Mr. Wang Wei-Lin, Mr. Li Shan and Dr. Li Jun and one non-executive Director, Mr. Chou Tsan-Hsiung. Currently, Mr. Wang Wei-Lin is the chairman of the Remuneration Committee.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the Preliminary Announcement have been agreed by the Group's auditor, HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the Preliminary Announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT

This announcement is required to be published on the website of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and at the website of the Company at irasia. The annual report containing all the information required under Appendix 16 to the Listing Rules will be published on the Stock Exchange's website in due course.

APPRECIATION

The Group would like to express its appreciation to all staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, and they are the key factors in the Group's continual success in the future. Also, the Group wishes to extend its gratitude to the continuous support from its shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to meet its business objectives for 2017 and realise higher values for its shareholders and other stakeholders.

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

Hong Kong, 31 March 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. WONG Chau Chi and Dr. LIU Hui; 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. LI Shan and Dr. LI Jun.