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 2017

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 2017, together with the comparative figures for the corresponding period in the year 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	NOTES	2017 US$'000	2016 US$'000
Revenue	*4*	**7,034**	6,089
Cost of sales		**(4,304)**	(4,242)
Gross profit		**2,730**	1,847
Other income		**1**	17
Administrative expenses		**(2,025)**	(1,966)
Market development and promotion expenses		**(4,406)**	(4,312)
Other expenses		**(1,853)**	(378)
Finance costs	*5*	**(1,960)**	(2,092)
Gain on redemption of convertible notes		**1,257**	–
Loss on disposal of a subsidiary		**–**	(7,629)
Share of loss of a joint venture		**–**	(106)
Impairment loss recognised on financial assets at fair value through profit or loss		**–**	(2,118)
Loss before tax		**(6,256)**	(16,737)
Income tax expense	*6*	**(187)**	(59)
Loss for the year	*7*	**(6,443)**	(16,796)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**(205)**	(49)
– Reclassification of cumulative exchange difference attributable to a subsidiary disposed of during the year		**–**	21
Total comprehensive expense for the year		**(6,648)**	(16,824)

	NOTES	2017 US$'000	2016 US$'000
(Loss) profit for the year attributable to:			
– Owners of the Company		**(6,622)**	(17,327)
– Non-controlling interests		**179**	531
		(6,443)	(16,796)
Total comprehensive (expense) income for the year attributable to:			
– Owners of the Company		**(6,827)**	(17,355)
– Non-controlling interests		**179**	531
		(6,648)	(16,824)
		US$	*US$*
Loss per share	*8*		
Basic		**(0.0032)**	(0.0110)
Diluted		**(0.0034)**	(0.0110)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	NOTES	**2017** **US$'000**	2016 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**698**	443
Intangible assets		**106,588**	106,588
Deposits for the acquisition of assets		**94,000**	91,442
Interests in associates		**–**	–
Financial asset at fair value through profit or loss		**–**	–
		201,286	198,473
CURRENT ASSETS			
Trade and other receivables	*9*	**3,780**	1,275
Amount due from a related company		**7,127**	4,639
Bank balances and cash		**1,181**	5,925
		12,088	11,839
Assets classified as held for sale		**7,171**	7,171
		19,259	19,010
CURRENT LIABILITIES			
Trade and other payables	*10*	**3,534**	3,828
Tax payable		**222**	35
		3,756	3,863
NET CURRENT ASSETS		**15,503**	15,147
TOTAL ASSETS LESS CURRENT LIABILITIES		**216,789**	213,620
NON-CURRENT LIABILITIES			
Convertible notes		**16,145**	20,712
NET ASSETS		**200,644**	192,908
CAPITAL AND RESERVES			
Share capital	*11*	**2,900**	2,419
Share premium and reserves		**169,210**	162,134
Equity attributable to owners of the Company		**172,110**	164,553
Non-controlling interests		**28,534**	28,355
TOTAL EQUITY		**200,644**	192,908

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" or "China"), subject to the satisfaction of certain conditions, the Company entered into a sales 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 an executive director and a shareholder of the Company, pursuant to which the Company has conditionally agreed to purchase 20% equity interest of Silkwave Holdings Limited ("Silkwave Holdings"), which 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 for deploying a similar multimedia service platform in USA.

Converged 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 smartphones, tablets, pocket TV, laptops, automobile digital receivers and personal media players that are equipped with a CMMB-enabled chipset. Its broadcast oriented delivery capability 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.

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 "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of US$6,443,000 (2016: US$16,796,000) for the year ended 31 December 2017 but the Group has net current assets of US$15,503,000 (2016: US$15,147,000) as at 31 December 2017. 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:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities. Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items will be provided in the consolidated financial statements for the year ended 31 December 2017. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the consolidated financial statements for the year ended 31 December 2017, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[2]
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HKFRS 40 (Amendments)	Transfers of Investment Properties[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[2]

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

[2] *Effective for annual periods beginning on or after 1 January 2019.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

[4] *Effective for annual periods beginning on or after 1 January 2021.*

Except as described below, the Directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 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 fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at 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.

- 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 2017.

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 anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, they 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. Upon application of 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 respectively by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at the end of the reporting period, the Group has non-cancellable operating lease commitments of approximately US$289,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Groups will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

4. REVENUE AND SEGMENT INFORMATION

Information is 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 2017

	CMMB business *US$'000*	**Trading business** *US$'000*	**Total** *US$'000*
Revenue			
Segment revenue	**3,501**	**3,533**	**7,034**
Segment profit (loss)	**1,237**	**(85)**	**1,152**
Market development and promotion expenses	**(4,406)**	**–**	**(4,406)**
Impairment loss recognised on other receivables	**–**	**–**	**(76)**
Interest income	**–**	**–**	**1**
Unallocated expenses			**(3,114)**
Loss for the year			**(6,443)**

For the year ended 31 December 2016

	CMMB business *US$'000*	Trading business *US$'000*	Total *US$'000*
Revenue			
Segment revenue	2,736	3,353	6,089
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			(2,167)
Loss for the year			(16,796)

Segment assets

	2017	2016
	US$'000	*US$'000*
CMMB business	**201,640**	198,234
Trading business	**1,665**	1,523
Total segment assets	**203,305**	199,757
Unallocated		
– Property, plant and equipment	**277**	248
– Other receivables	**1,853**	196
– Amount due from a related company	**7,127**	4,639
– Bank balances and cash	**812**	5,472
Assets classified as held for sale	**7,171**	7,171
Consolidated assets	**220,545**	217,483

Segment liabilities

	2017	2016
	US$'000	*US$'000*
CMMB business	**16,619**	23,100
Trading business	**1,273**	1,072
Total segment liabilities	**17,892**	24,172
Unallocated		
– Accruals	**433**	387
– Other payables	**1,576**	16
Consolidated liabilities	**19,901**	24,575

Revenue from major products and services

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

	2017	2016
	US$'000	*US$'000*
Trading of PCB materials	**3,533**	3,353
Transmission and broadcasting of television programs	**3,501**	2,736
	7,034	6,089

Other segment information

	CMMB business	**Trading business**	**Total**
	US$'000	*US$'000*	*US$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Year ended 31 December 2017			
Depreciation	**86**	**–**	**86**
Effective interest expense on convertible notes	**1,959**	**–**	**1,959**
Gain on redemption of convertible notes	**(1,257)**	**–**	**(1,257)**
Income tax expense	**187**	**–**	**187**
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	59	–	59

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 certain 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	
	2017	2016
	US$'000	*US$'000*
USA	**3,501**	2,736
Taiwan	**3,533**	3,353
	7,034	6,089

5. FINANCE COSTS

	2017	2016
	US$'000	*US$'000*
Effective interest expense on convertible notes	**1,959**	2,090
Bank interest expense	**1**	2
	1,960	2,092

6. INCOME TAX EXPENSE

	2017	2016
	US$'000	*US$'000*
Current tax:		
USA income tax	**187**	–
Withholding tax on foreign income	**–**	59
	187	59

Taxation arising in the USA is charged at 38% for the current year. No provision for Federal Income Tax and State and Local Income Tax was made in 2016 as the Group had tax losses brought forward from previous years which were available to set off against the assessable profit for the year ended 31 December 2016.

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 charged at 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 both years.

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.

7. LOSS FOR THE YEAR

	2017	2016
	US$'000	*US$'000*
Loss for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
– Directors' remuneration	**235**	205
– Salaries and allowances	**886**	1,432
– Retirement benefit scheme contributions	**18**	51
Total staff costs	**1,139**	1,688
Included in other expenses:		
– Provision for financial guarantee liability	**1,499**	–
– Exchange loss, net	**68**	36
– Legal and professional fee	**121**	31
Auditor's remuneration		
– Assurance service	**135**	135
– Non-assurance service	**65**	13
Depreciation of property, plant and equipment	**179**	132
Loss on disposal of property, plant and equipment	**–**	9
Impairment loss recognised on assets classified as held for sale	**–**	33

8. 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:

	2017	2016
	US$'000	*US$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(6,622)**	(17,327)
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**180**	N/A
– Gain on redemption of convertible notes	**(653)**	N/A
Loss for the year attributable to owners of the Company for the purpose of dilutive loss per share	**(7,095)**	(17,327)

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,060,966,279**	1,570,242,196
Effect of dilutive potential ordinary shares:		
– Convertible notes	**8,921,475**	N/A
– Share options	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of dilutive loss per share	**2,069,887,754**	1,570,242,196

Adjustment has been made to the basic loss per share amount for the year ended 31 December 2017 in respect of a dilution because the diluted loss per share amount is increased when taking convertible notes into account, so the convertible notes had a dilutive effect. The computation of the diluted loss per share for the year ended 31 December 2016 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.

9. TRADE AND OTHER RECEIVABLES

	2017	2016
	US$'000	*US$'000*
Trade receivables	**1,918**	1,070
Other receivables and deposits	**1,838**	149
Prepayments	**24**	56
Total trade and other receivables	**3,780**	1,275

The aging analysis of the trade receivables, presented based on invoice dates:

	2017	2016
	US$'000	*US$'000*
0 – 30 days	**508**	259
31 – 60 days	**702**	208
61 – 90 days	**504**	245
Over 90 days	**204**	358
	1,918	1,070

10. TRADE AND OTHER PAYABLES

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

	2017	2016
	US$'000	*US$'000*
Trade payables		
0 – 90 days	**1,237**	703
91 – 180 days	**–**	327
	1,237	1,030
Accruals	**721**	397
Provision for financial guarantee liability	**1,499**	–
Deposits received	**–**	2,385
Other payables	**77**	16
Total trade and other payables	**3,534**	3,828

11. 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 in *US$'000*
Authorised:					
At 1 January 2016	50,000,000,000	–	–	5,000,000	
Share consolidation *(note iii)*	(50,000,000,000)	5,000,000,000	–	–	
Share-subdivision *(note iv)*	–	(5,000,000,000)	500,000,000,000	–	
At 31 December 2016, 1 January 2017 and 31 December 2017	–	–	500,000,000,000	5,000,000	
Issued and fully paid:					
At 1 January 2016	6,253,189,277	–	–	625,319	80,673
Issue of new shares *(note 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 *(note ii)*	40,169	–	–	4	–
Share consolidation *(note iii)*	(18,759,608,000)	1,875,960,800	–	–	–
Capital reduction *(note iv-a)*	–	(1,875,960,800)	1,875,960,800	(1,857,201)	(239,444)
At 31 December 2016 and 1 January 2017	–	–	1,875,960,800	18,760	2,419
Issue of new shares by placement *(note v)*	–	–	375,150,000	3,752	481
At 31 December 2017	–	–	2,251,110,800	22,512	2,900

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. In addition, Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue were also allotted and issued. 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 for 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 approved the resolutions of capital reduction of issued shares and sub-division of unissued shares which has became 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;

(v) On 22 June 2017, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 375,150,000 new shares for an aggregate consideration of approximately HK$150.06 million at the subscription price of HK$0.4 per subscription share. The subscription was completed on 5 July 2017. The proceeds were used to provide general working capital for the Company.

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 Converged Mobile Multimedia Broadcasting ("CMMB") and trading of printed circuit board ("PCB") materials.

After restructuring and reorganization from previous manufacturing and sale of rigid PCB and rigid PCB 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 enabling mobile internet and entertainment services in the coming internet era.

The Company acquired 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 which expanded the Company's portfolio to a total of 12 TV stations in addition to the New York market. The portfolio gives the Company an unique wireless spectrum network to not only deliver free-to-air digital TV programming to a much larger audience coverage with operating efficiencies and revenue opportunities, but also well-position it to deploy a next-generation mobile broadcasting service platform for new media services extended from home to mobile users and vehicles.

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

The 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 focusing 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 of America, 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 live streaming 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 2017, the Group recorded loss for the year of US$6,443,000 (2016: US$16,796,000), representing a decrease of 62%. Loss per share was approximately US0.32 cents (2016: US1.10 cents) and net assets per share of the Group was approximately US7.6 cents (2016: US8.8 cents).

During the year ended 31 December 2017, the Group is engaged in provision of transmission and broadcasting of television programs ("CMMB Business") and trading of PCB materials ("Trading Business") with revenue of US$7,034,000 (2016: US$6,089,000). The increase in revenue of US$945,000 or 16% was mainly due to the increase in trading of PCB materials by US$180,000 and increase in TV rental income of US$765,000.

Cost of sales mainly includes cost of goods sold, staff costs, operating lease payments. The increase in cost of sales of US$62,000 or 1% was due to the increase in cost of goods sold of US$89,000, which is offset by the decrease in operating lease payments of US$27,000 for the year ended 31 December 2017.

Gross profit has increased from US$1,847,000 in year 2016 to US$2,730,000 in year 2017, increased by 48%, which was arisen from the increase in TV rental income with higher gross profit margin than trading of PCB materials.

Administrative expenses for the year ended 31 December 2017 increased by 3% to US$2,025,000 as compared to that of US$1,966,000 for the year ended 31 December 2016 which is composed of headquarter staff costs, office rent and general administrative expenses.

Market development and promotion expenses increased by 2% to US$4,406,000 (2016: US$4,312,000) which include consultancy services fees for business development, travelling expenses for attending business conferences and meetings as well as research and development costs. The increase in market development and promotion expenses was due to the increase in research and development costs for the year.

Other expenses for the year ended 31 December 2017 amounted to US$1,853,000 (2016: US$378,000) include provision for financial guarantee liability of US$1,499,000 (2016: Nil), impairment loss recognised on other receivable of US$76,000 (2016: Nil) and 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 2017 amounted to US$1,960,000 (2016: US$2,092,000) which mainly represents the effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the year.

The LA Convertible Notes in principal amount of US$5,300,000 due for repayment in 2021 were redeemed at redemption amount of US$5,300,000 during the year and accordingly, a gain on redemption of the convertible bonds of US$653,000 (2016: Nil) was recorded. The 2021 Convertible Notes in principal amount of US$4,825,000 due for repayment in 2021 were redeemed at redemption amount of US$4,825,000 during the year and accordingly, a gain on redemption of the convertible bonds of US$604,000 (2016: Nil) was recorded.

There is no impairment loss recognised on intangible assets for the year ended 31 December 2017 as the management of the Group determined that the recoverable amount is higher than the carrying amount of intangible assets allocated to the cash generating units.

The Group transferred 51% equity interest in Global Vision Media Technology Co., Ltd., a then wholly-owned subsidiary in China, to Global Broadcasting Media Group at a consideration of RMB1 on 19 July 2016, resulting in a loss on disposal of a subsidiary of US$7,629,000 recognised in profit or loss for the year ended 31 December 2016.

The management evaluated the impairment of financial assets at fair value through profit or loss by way of objective evidences, including but not limited to the significant deficits and negative cash flow etc. Accordingly, the management of the Group recognised an impairment loss of the financial assets at fair value through profit or loss of US$2,118,000 for the year ended 31 December 2016.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2017.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity attributable to the owners of the Company increased to US$172,110,000 as at 31 December 2017 as compared with US$164,553,000 in 2016 which was mainly derived from the proceeds of share placement completed on 5 July 2017. Current assets amounted to US$19,259,000 (2016: US$19,010,000) comprising bank balances and cash of US$1,181,000 (2016: US$5,925,000), trade and other receivables of US$3,780,000 (2016: US$1,275,000) and amount due from a related company of US$7,127,000 (2016: US$4,639,000). Current liabilities amounted to US$3,756,000 (2016: US$3,863,000) representing trade and other payables of US$3,534,000 (2016: US$3,828,000) and tax payable of US$222,000 (2016: US$35,000).

As at 31 December 2017, the Group's current ratio was 5.1 (2016: 4.9) and the gearing ratio (a ratio of total loans to total assets) was 7.3% (2016: 9.5%). Other than convertible notes of US$16,145,000, the Group did not have any bank borrowings as at 31 December 2017 (2016: Nil).

During the year ended 31 December 2017, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 375,150,000 new shares of the Company for an aggregate consideration of approximately HK$150,060,000 (equivalent to approximately US$19,239,000) at the subscription price of HK$0.4 per subscription share. The proceeds were used to provide general working capital for operation and business development of the Group.

PLEDGE OF ASSETS

The Group did not have any pledge or charge on assets as at 31 December 2017.

OFF-BALANCE SHEET TRANSACTIONS

As at 31 December 2017, the Group did not enter into any material off-balance sheet transactions.

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 2017.

SEGMENT INFORMATION

Details of segment information of the Group are set out in note 4 to this announcement.

EMPLOYEE BENEFITS

The average number of employees of the Group for the year ended 31 December 2017 was approximately 30 (2016: 30). The Group's staff costs (including Directors' fees and emoluments) for the year ended 31 December 2017 amounted to US$1,139,000 (2016: US$1,688,000). 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 top five customers of the Group accounted for approximately 50% and 99% 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 2017 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 2017 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 2017.

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, with the management, the accounting policies, internal controls and financial reporting adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2017, and recommended its adoption by the Board.

The consolidated financial statements for the year ended 31 December 2017 was approved by the Board on 28 March 2018.

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 2017 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 FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.irasia.com). The annual report of the Company for the year ended 31 December 2017 will be dispatched to shareholders of the Company and will be published on the same 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 2018 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, 28 March 2018

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.