



CMMB VISION

**CMMB Vision Holdings Limited**

**中國移動多媒體廣播控股有限公司**

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

**2013** INTERIM REPORT

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## **BOARD OF DIRECTORS**

### **Executive Directors**

Mr. WONG Chau Chi (*Chairman*)

Dr. Hui LIU (*Vice-chairman*)

### **Non-executive Directors**

Mr. CHOU Tsan-Hsiung

Mr. YANG Yi

### **Independent Non-executive Directors**

Mr. WANG Wei-Lin

Mr. Shan LI

Dr. LI Jun

## **MEMBERS OF AUDIT COMMITTEE**

Mr. Shan LI (*Chairman*)

Mr. CHOU Tsan-Hsiung

Dr. LI Jun

## **MEMBERS OF REMUNERATION COMMITTEE**

Mr. WANG Wei-Lin (*Chairman*)

Mr. CHOU Tsan-Hsiung

Mr. Shan LI

Dr. LI Jun

## **COMPANY SECRETARY**

Mr. CHEUNG Kai Cheong Willie

FCCA, CPA

## **AUTHORISED REPRESENTATIVES**

Mr. WONG Chau Chi

Mr. CHEUNG Kai Cheong Willie

## **AUDITOR**

Deloitte Touche Tohmatsu

## **LEGAL ADVISOR AS TO HONG KONG LAW**

Orrick, Herrington & Sutcliffe

## **PRINCIPAL BANKER**

The Hongkong and Shanghai Banking Corporation Limited

## **REGISTERED OFFICE**

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit 1211, Level 12  
Core F, Cyberport 3  
100 Cyberport Road, Cyberport  
Hong Kong  
Tel: +852 2159 3300  
Fax: +852 2159 3399  
Email: [info@cmmbvvision.com](mailto:info@cmmbvvision.com)  
Website: [www.cmmbvvision.com](http://www.cmmbvvision.com)

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

## **STOCK CODE: 471**

## REVIEW OF OPERATIONS/BUSINESS

The principal activity of CMMB Vision Holdings Limited (“Company”) is investment holding whilst its subsidiaries are mainly engaged in provision of China Mobile Multimedia Broadcasting (“CMMB”) and agency services.

The Company has been pursuing opportunities arising from China’s new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia business based on the 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.

## FINANCIAL REVIEW

For the six months ended 30 June 2013 (“Period”), the Group recorded loss for the period of approximately US\$0.95 million as compared to loss for the period approximately US\$1.01 million, representing a decrease of approximately 5.9%. Loss per share was approximately US0.12 cents (six months ended 30 June 2012: approximately US0.02 cents) and net assets per share of the Company was approximately US2.19 cents (31 December 2012: approximately US2.33 cents).

### Revenue

For the Period, the Group recorded revenues of approximately US\$555,000 (six months ended 30 June 2012: approximately US\$7,000). Revenues significantly increased as the Group did not commence CMMB business during the six months ended 30 June 2012.

### Cost of sales

Cost of sales includes amortisation of intangible assets for CMMB business amounting to approximately US\$613,000 for the Period (six months ended 30 June 2012: Nil).

### Operating expenses

During the Period, the Group’s administrative expenses decreased by 71.4% to approximately US\$0.2 million (six months ended 30 June 2012: approximately US\$0.7 million). The management of the Group believes that the change of principal office in Hong Kong will lower the administrative expenses in succeeding periods.

### Finance costs

Finance costs of the Group for the Period amounted to approximately US\$352,000, it mainly represents effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the six months ended 30 June 2012.

# Management Discussion and Analysis

## **INTERIM DIVIDEND**

The board (“Board”) of directors (“Directors”) of the Company does not recommend declare any interim dividend to the shareholders of the Company for the Period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2013, the Group had total equities of approximately US\$14.0 million. Current assets amounted to approximately US\$1.6 million. It mainly comprises bank balances and cash of approximately US\$0.3 million and trade and other receivables of approximately US\$1.3 million. Current liabilities amounted to approximately US\$2.3 million. It mainly comprises trade and other payables of approximately US\$1.5 million; an amount due to a related company of approximately US\$0.4 million; and an amount due to a director of approximately US\$0.4 million.

As at 30 June 2013, the Group’s current ratio was 0.7 (31 December 2012: 1.1) and the gearing ratio (a ratio of total loans to total assets) was 15.5% (31 December 2012: 13.7%).

## **FOREIGN EXCHANGE EXPOSURE**

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

## **SEGMENT INFORMATION**

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

## **EMPLOYEE BENEFITS**

For the Period, the average number of employees of the Group was approximately 15 (six months ended 30 June 2012: approximately 30), and the Group’s staff costs amount to approximately US\$97,000 (six months ended 30 June 2012: approximately US\$244,000). 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 nor employees of the Group (six months ended 30 June 2012: Nil) under the share option scheme of the Company adopted on 5 July 2005.

## **MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT**

During the Period, the Group did not have any material acquisition or disposals of subsidiaries or associates.

## **CHARGE ON ASSETS**

As at 30 June 2013, neither the Group nor the Company pledges any properties and assets (31 December 2012: Nil).

## CONTINGENT LIABILITIES

As at 30 June 2013, neither the Group nor the Company has any significant contingent liabilities (31 December 2012: Nil).

## 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 SARFT of the People's Republic of China ("PRC") with collaboration from the United States of America, CMMB is one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television ("TV") delivery and data delivery through Internet by the Internet Protocol ("IP data"). It is Orthogonal frequency-division multiplexing ("OFDM") based, and can readily interact with other OFDM technologies such as third generation mobile technology 3G, fourth generation mobile technology ("4G") based on Institute of Electrical and Electronics Engineers standards 802.16(e) ("WiMax") and 4G Long Term Evolution ("4G LTE"). The key feature of CMMB is that it can deliver streaming live mobile video and 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.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) were as follows:

### Ordinary shares

Name of Director	Capacity/nature of interest	Total number of ordinary shares held	Approximate percentage of interest
Mr. Wong Chau Chi	Interest of controlled corporation (Note)	173,857,838	27.18%

Note: These Shares are registered under the name of Chi Capital Holdings Limited (“Chi Capital”), a company wholly owned by Mr. Wong Chau Chi and he was the sole shareholder and director of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital.

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions, whether beneficial or non-beneficial, in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2013 as required to be recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTIONS

The Company operates a share option scheme (the “Scheme”) which was adopted on 5 July 2005. During the Period, no share options were granted nor exercised under the Scheme. Movements of the share options of the Company during the Period are listed below:

Category	Date of grant	Number of share options				Outstanding at 30 June 2013	Exercise price per share HKD	Vesting period	Exercise period
		Outstanding at 1 January 2013	Granted during the Period	Exercised during the Period	Cancelled and lapsed during the Period				
<b>Director</b>									
Mr. Wong Chau Chi	23 February 2010	1,675,000	—	—	(1,675,000)	—	1.21	N/A	23 February 2010 to 22 February 2013
Total directors		<u>1,675,000</u>	<u>—</u>	<u>—</u>	<u>(1,675,000)</u>	<u>—</u>			
<b>Employee</b>									
	3 June 2010	3,000,000	—	—	(3,000,000)	—	1.21	N/A	3 June 2010 to 2 June 2013
	18 June 2010	1,351,000	—	—	(1,351,000)	—	1.25	N/A	18 June 2010 to 17 June 2013
Total employee		<u>4,351,000</u>	<u>—</u>	<u>—</u>	<u>(4,351,000)</u>	<u>—</u>			
Category	Date of grant	Number of share options				Outstanding at 30 June 2012	Exercise price per share HKD	Vesting period	Exercise period
		Outstanding at 1 January 2012	Granted during the Period	Exercised during the Period	Cancelled and lapsed during the Period				
<b>Consultants</b>									
	23 February 2010	269,500	—	—	(269,500)	—	1.21	N/A	23 February 2010 to 22 February 2013
	3 June 2010	20,400,000	—	—	(20,400,000)	—	1.21	N/A	3 June 2010 to 2 June 2013
	18 June 2010	2,000,000	—	—	(2,000,000)	—	1.25	N/A	18 June 2010 to 17 June 2013
	23 November 2011	7,502,220	—	—	—	7,502,220	0.40	N/A	23 November 2011 to 22 November 2014
	19 November 2012	42,260,000	—	—	—	42,260,000	0.52	N/A	19 November 2012 to 18 November 2015
Total Consultants		<u>72,431,720</u>	<u>—</u>	<u>—</u>	<u>(22,669,500)</u>	<u>49,762,220</u>			
Total		<u>78,457,720</u>	<u>—</u>	<u>—</u>	<u>(28,695,500)</u>	<u>49,762,220</u>			

# Management Discussion and Analysis

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the paragraph “SHARE OPTIONS” above, at no time during the Period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the register of the Company’s substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors or chief executives of the Company, the following shareholders of the Company had notified the Company of the relevant interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation.

<b>Name of Shareholder</b>	<b>Capacity/ nature of interest</b>	<b>Number of ordinary shares</b> (Note 1)	<b>Approximate percentage of interest</b>
Chi Capital Holdings Limited	Beneficial owner (Note 2)	173,857,838 (L)	27.18%
Mr. Wong Chau Chi	Interest of controlled corporation (Note 2)	173,857,838 (L)	27.18%

Notes:

1. The letter “L” denotes the persons’ long positions in the shares of the Company.
2. These Shares are registered under the name of Chi Capital Holdings Limited (“Chi Capital”), a company wholly owned by Mr. Wong Chau Chi, a Director of the Company, and he was the sole shareholder and director of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital.

Save as disclosed above, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in any shares, underlying shares or debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2013.

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the Period, the Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("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 Period and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

## **CODE ON 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.

During the Period, the Company has fully complied with the requirements under the CG Code, except for the deviation from **Code Provision A.2.1 of the CG Code**. The Company had been deviated from the Code Provision A.2.1 of CG Code, as the roles of chairman and chief executive officer of the Company were not separate. With effect on 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been re-designated as the chairman of the Company 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 year 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 benefit the Group if Mr. Wong is also in charge of overseeing the Company's operations as its 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.

# Management Discussion and Analysis

## **AUDIT COMMITTEE**

The Audit Committee (the “Audit Committee”) was established by the Company on 5 July 2005 and it has adopted new written terms in order to comply with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting process and internal controls. The Audit Committee comprises Mr. Shan Li and Dr. Li Jun, being independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Mr. Shan Li is the chairman of the Audit Committee.

## **REVIEW OF ACCOUNTS**

The Audit Committee has reviewed, with the management, the accounting principles and policies, internal controls and financial reporting adopted by the Group, and the unaudited interim financial information for the Period and recommended its adoption by the Board.

The unaudited interim financial information for the Period were approved by the Board on 26 August 2013.

For and on behalf of the Board

**Wong Chau Chi**

*Chairman*

Hong Kong, 26 August 2013

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	NOTES	Six months ended 30 June	
		2013 US\$ (unaudited)	2012 US\$ (unaudited)
Revenue	3	555,492	7,029
Cost of sales		<u>(902,461)</u>	<u>—</u>
Gross (loss) profit		(346,969)	7,029
Other income		50	43
Administrative expenses		(227,894)	(696,570)
Advertising expenses		(26,274)	(26,022)
Other expenses		—	(290,058)
Finance costs	4	<u>(352,081)</u>	<u>—</u>
Loss for the period	6	<u>(953,168)</u>	<u>(1,005,578)</u>
<b>Other comprehensive income (expense)</b>			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		<u>178</u>	<u>(1,425)</u>
Total comprehensive expense for the period		<u><u>(952,990)</u></u>	<u><u>(1,007,003)</u></u>
<b>Loss for the period attributable to:</b>			
– Owners of the Company		<u>(761,433)</u>	<u>(975,661)</u>
– Non-controlling interests		<u>(191,735)</u>	<u>(29,917)</u>
Loss for the period		<u><u>(953,168)</u></u>	<u><u>(1,005,578)</u></u>
<b>Total comprehensive expense attributable to:</b>			
– Owners of the Company		<u>(761,255)</u>	<u>(977,086)</u>
– Non-controlling interests		<u>(191,735)</u>	<u>(29,917)</u>
Total comprehensive expense for the period		<u><u>(952,990)</u></u>	<u><u>(1,007,003)</u></u>
		US cents	US cents
<b>Loss per share</b>	8		
– Basic and diluted		<u><u>(0.12)</u></u>	<u><u>(0.02)</u></u>

# Condensed Consolidated Statement of Financial Position

At 30 June 2013

	NOTES	30 June 2013 US\$ (unaudited)	31 December 2012 US\$ (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	5,285	11,829
Intangible assets	10	23,537,501	24,150,191
Interests in associates	11	—	—
		<u>23,542,786</u>	<u>24,162,020</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables and prepayments	12	1,338,150	1,199,869
Bank balances and cash		317,397	822,877
		<u>1,655,547</u>	<u>2,022,746</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,484,805	1,881,270
Amounts due to a related company	17(i)	444,136	—
Amount due to a director	17(i)	366,785	—
		<u>2,295,726</u>	<u>1,881,270</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>			
		<u>(640,179)</u>	<u>141,476</u>
		<u>22,902,607</u>	<u>24,303,496</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	8,254,578	8,254,578
Share premium and reserves		(5,340,387)	(4,579,132)
Equity attributable to owners of the Company		2,914,191	3,675,446
Non-controlling interests		11,070,060	11,261,795
<b>TOTAL EQUITY</b>		<u>13,984,251</u>	<u>14,937,241</u>
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes	16	3,886,098	3,553,372
Derivative financial instruments of convertible notes	16	5,032,258	5,032,258
Amount due to a related company	17(i)	—	422,714
Amount due to a director	17(i)	—	357,911
		<u>8,918,356</u>	<u>9,366,255</u>
		<u>22,902,607</u>	<u>24,303,496</u>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Share capital US\$	Share premium US\$	Merger reserve US\$ (note i)	Distributable reserve US\$ (note ii)	Share options reserve US\$	Capital reserve US\$ (note iii)	Exchange reserve US\$	Accumulated losses US\$	Sub-total US\$	Non-controlling interests US\$	Total US\$
As at 1 January 2012 (audited)	5,804,157	38,845,878	31,987,096	18,464,516	6,568,098	2,037,206	28,920	(102,865,341)	870,530	176,577	1,047,107
Loss for the period	—	—	—	—	—	—	—	(975,661)	(975,661)	(29,917)	(1,005,578)
Exchange differences arising on translation	—	—	—	—	—	—	(1,425)	—	(1,425)	—	(1,425)
Total comprehensive expense for the period	—	—	—	—	—	—	(1,425)	(975,661)	(977,086)	(29,917)	(1,007,003)
As at 30 June 2012 (unaudited)	5,804,157	38,845,878	31,987,096	18,464,516	6,568,098	2,037,206	27,495	(103,841,002)	(106,556)	146,660	40,104
Profit for the period	—	—	—	—	—	—	—	(8,924,836)	(8,924,836)	(684,847)	(9,609,683)
Exchange differences arising on translation	—	—	—	—	—	—	1,425	—	1,425	—	1,425
Total comprehensive income (expense) for the year	—	—	—	—	—	—	1,425	(8,924,836)	(8,923,411)	(684,847)	(9,608,258)
Recognition of equity settled share-based payments	—	—	—	—	1,677,690	—	—	—	1,677,690	—	1,677,690
Forfeiture of share options	—	—	—	—	(2,864,906)	—	—	2,864,906	—	—	—
Issue of shares	1,931,453	6,953,230	—	—	—	—	—	—	8,884,683	—	8,884,683
Transaction costs related in issue of shares	—	(14,392)	—	—	—	—	—	—	(14,392)	—	(14,392)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	11,799,982	11,799,982
Deemed capital contribution from a shareholder	—	—	—	—	—	39,135	—	—	39,135	—	39,135
Exercise of share options	518,968	2,645,748	—	—	(1,046,419)	—	—	—	2,118,297	—	2,118,297
As at 31 December 2012 (audited)	8,254,578	48,430,464	31,987,096	18,464,516	4,334,463	2,076,341	28,920	(109,900,932)	3,675,446	11,261,795	14,937,241
Loss for the period	—	—	—	—	—	—	—	(761,433)	(761,433)	(191,735)	(953,168)
Exchange differences arising on translation	—	—	—	—	—	—	178	—	178	—	178
Total comprehensive income (expenses) for the period	—	—	—	—	—	—	178	(761,433)	(761,255)	(191,735)	(952,990)
Forfeiture of share options	—	—	—	—	(2,569,917)	—	—	2,569,917	—	—	—
As at 30 June 2013 (unaudited)	<u>8,254,578</u>	<u>48,430,464</u>	<u>31,987,096</u>	<u>18,464,516</u>	<u>1,764,546</u>	<u>2,076,341</u>	<u>29,098</u>	<u>(108,092,448)</u>	<u>2,914,191</u>	<u>11,070,060</u>	<u>13,984,251</u>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

## Notes:

- (i) The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of Global Technology International Ltd acquired pursuant to a group reorganisation on 5 July 2005.
- (ii) On 19 January 2009, an extraordinary general meeting of the Company was held and the resolutions of the reorganisation of the share capital of the Company involving reduction of the authorised share capital and issued share capital by reducing the nominal value of each share in issue from HK\$0.10 to HK\$0.01 and cancelling paid-up capital to the extent of HK\$0.09 for each issue share and the sub-division of each authorised and unissued shares of HK\$0.10 each into 10 unissued shares of HK\$0.01 each (the “Capital Reorganisation”) were approved. The capital reduction amount as a result of the Capital Reorganisation was transferred to a distributable reserve account of the Company.
- (iii) Capital reserve represents (i) the capital contribution from a shareholder of the Company through the shares granted by a shareholder to the employees of the Company during the year ended 31 December 2006 and 2008; (ii) deemed capital contribution from a shareholder upon disposal of subsidiaries during the year ended 31 December 2011; and (iii) deemed capital contribution from a shareholders regarding the non-interest bearing advances.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>US\$</b>	US\$
	<b>(unaudited)</b>	(unaudited)
Net cash used in operating activities	<b>(680,664)</b>	(1,144,987)
Net cash used in investing activities		
Advances to an investee	—	(874,598)
Receipt on behalf of an investee	—	511,510
	—	(363,088)
Net cash from financing activities		
Deposits received in respect of exercise of share options	<b>164,235</b>	1,651,613
Advances from a related company	<b>398,710</b>	81,757
Repayments to a related company	<b>(387,769)</b>	—
	<b>175,176</b>	1,733,370
Net (decrease) increase in cash and cash equivalents	<b>(505,488)</b>	225,295
Cash and cash equivalents at beginning of the period	<b>822,877</b>	315,813
Effect of foreign exchange rate changes	<b>8</b>	—
Cash and cash equivalents at end of the period	<b>317,397</b>	541,108

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In preparing the condensed consolidated financial statements, 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\$953,168 for the six-month ended 30 June 2013 and the Group’s current liabilities exceeded its current assets by US\$640,179 as at 30 June 2013. In the opinion of the Directors, the Group should be able to continue as a going concern in the coming year taking into consideration the measures which include, but are not limited to, as the following:

- (a) During the year 2012, a 3-year service contract has been entered into between CMMB Vision (USA) and China Central Television (“CCTV”), a state-owned enterprise in the PRC. The management of the Group is currently under negotiation with other parties for the provision of TV broadcasting services and is of the opinion that such service can provide a reliable and stable cash flow for the Group to operate.

The Group is currently providing contents to operating platform in the USA. Accordingly, in the opinion of the Directors, no significant capital investment is required for the new business operations.

- (b) During the current interim period, the Group received a deposit of US\$164,235 from a consultant to exercise share options of the Company granted to it. As at 30 June 2013, the deposit received was included in other payables and subsequently will be settled through issues of shares in the second half period.
- (c) On 30 July 2013, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 20,000,000 new shares of the Company for an aggregate consideration of HK\$9,300,000 (equivalent to US\$1,200,000) at a subscription price of HK\$0.465 per ordinary share representing the closing market price of HK\$0.465 per share of the Company on 30 July 2013. The proceeds from the shares issued are applied for financing the Group’s working capital.
- (d) On 15 August 2013, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 52,000,000 new shares of the Company for an aggregate consideration of HK\$24,180,000 (equivalent to US\$3,120,000) at a subscription price of HK\$0.465 per ordinary share representing the closing market price of HK\$0.465 per share of the Company on 15 August 2013. The proceeds from the shares issued are applied for financing the Group’s working capital.

## 1. BASIS OF PREPARATION (Continued)

- (e) The Group also has plans to further issue new shares to raise additional funds to improve its liquidity position.
- (f) Chi Capital Holdings Limited (“Chi Capital”), a company wholly owned by Mr. Wong Chau Chi, a director and shareholder of the Company, has agreed to provide financial support to enable the Group to meet its financial obligation 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 condensed consolidated financial statements have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above new and revised standards, amendments and interpretation to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Directors anticipate that the application of the following new standards, amendments and interpretation issued but not yet effective will have no material effect on amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

## 3. SEGMENT INFORMATION

The Group's reportable and operating segments under HKFRS 8 are as follows:

1. CMMB business – Provision of China Mobile Multimedia Broadcasting (“CMMB”) services relating to transmission and broadcasting of television programs; and
2. Trading business – Provision of agency services relating to trading of printed circuit board materials.

**3. SEGMENT INFORMATION (Continued)**

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

**Six months ended 30 June 2013**

	<b>CMMB business US\$ (unaudited)</b>	<b>Trading business US\$ (unaudited)</b>	<b>Total US\$ (unaudited)</b>
Segment revenue	<u>511,510</u>	<u>43,982</u>	<u>555,492</u>
Segment loss	<u>(390,951)</u>	<u>(11,953)</u>	<u>(402,904)</u>
Unallocated income			50
Unallocated expenses			<u>(550,314)</u>
Loss for the period			<u>(953,168)</u>

**Six months ended 30 June 2012**

	<b>CMMB business US\$ (unaudited)</b>	<b>Trading business US\$ (unaudited)</b>	<b>Total US\$ (unaudited)</b>
Segment revenue	<u>—</u>	<u>7,029</u>	<u>7,029</u>
Segment (loss) profit	<u>(316,080)</u>	<u>981</u>	<u>(315,099)</u>
Unallocated income			43
Unallocated expenses			<u>(690,522)</u>
Loss for the period			<u>(1,005,578)</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 4. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	US\$	US\$
	(unaudited)	(unaudited)
Effective interest expense on convertible notes	332,726	—
Imputed interest on an amount due to a related company	10,481	—
Imputed interest on an amount due to a director	8,874	—
	<u>352,081</u>	<u>—</u>

## 5. TAXATION

No provision for USA Income Tax, Hong Kong Profits Tax and Taiwan Income Tax has been made as the Group has no assessable profit which neither arises in, nor derived from USA, Hong Kong and Taiwan for both periods.

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 condensed consolidated financial statements as all of the PRC subsidiaries did not have taxable income for both periods.

## 6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013	2012
	US\$	US\$
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	6,619	11,609
Amortisation of intangible assets included in cost of sales	612,690	—
Amortisation of intangible assets included in other expenses	—	85,161
Legal and professional fees included in others expenses (Note)	—	204,897
Bank interest income	(50)	(13)
	<u>(50)</u>	<u>(13)</u>

Note: The amount represents legal and professional fee payable to consultants, advisors and other professional parties for development and acquisition of new business during the six months ended 30 June 2012.

**7. DIVIDENDS**

No dividends were paid, declared or proposed during both reporting periods.

**8. LOSS PER SHARE**

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

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>US\$</b>	US\$
	<b>(unaudited)</b>	(unaudited)
Loss for the period for the purposes of basic and diluted loss per share	<u><b>(761,433)</b></u>	<u>(975,661)</u>
Number of ordinary shares for the purposes of basic and diluted loss per share	<u><b>639,729,788</b></u>	<u>4,498,222,000</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

For both periods, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise of share options would result in decrease in loss per share.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 9. PROPERTY, PLANT AND EQUIPMENT

The Group did not have any addition to and disposal of property, plant and equipment for daily operations during both periods.

## 10. INTANGIBLE ASSETS

The Group did not have any addition to and disposal of intangible assets during both periods.

## 11. INTERESTS IN ASSOCIATES

	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>US\$</b>	US\$
	<b>(unaudited)</b>	(audited)
Deemed cost of unlisted investments	—	—

On 2 September 2010, the Company entered into an equity transfer agreement with an independent third party, pursuant to which the Company (or its nominee) acquired 30% equity interest in 北京富學傳媒文化有限公司 (“Fuxue”) and 30% equity interest in 北京德神傳動廣告有限責任公司 (“Deshen”), both companies established under the laws of the PRC, for a consideration of HK\$81,606,926 (equivalent to US\$10,529,926), which is payable as to HK\$15,351,026 (equivalent to US\$1,980,778) by way of cash and the balance of HK\$66,255,900 (equivalent to US\$8,549,148) by way of new issue of 530,047,200 ordinary shares in the Company’s share capital at an issue price of HK\$0.125 per share.

The Group’s associates recorded net liabilities at the date of acquisition and at both 31 December 2012 and 30 June 2013. During the current interim period, the associates have not commenced operations and continued to incur losses. In absence of legal or constructive obligations of making payments on behalf of these associates, no shares of losses of associates are recognised for the year ended 31 December 2012 and the six months ended 30 June 2013.

**12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

The Group generally allows a credit period of 60 days to its trade customers. There are no trade receivables under CMMB business as at both 30 June 2013 and 31 December 2012. The trade receivables are due from three customers under Trading business as at 30 June 2013 (31 December 2012: two).

The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period.

	<b>30 June 2013 US\$ (unaudited)</b>	31 December 2012 US\$ (audited)
Trade receivables:		
0 - 30 days	<b>532,869</b>	424,254
31 - 60 days	<b>426,700</b>	433,686
61 - 90 days	<b>144,960</b>	35,126
Over 90 days	<b>11,412</b>	34,689
	<b>1,115,941</b>	927,755
Other receivables and deposits	<b>5,542</b>	5,447
Prepayments	<b>216,667</b>	266,667
	<b><u>1,338,150</u></b>	<b><u>1,199,869</u></b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 13. TRADE AND OTHER PAYABLES

The average credit period granted by its suppliers is 150 days.

The following is an analysis of trade payables by age, presented based on the invoice date at the end of the reporting period.

	<b>30 June 2013 US\$ (unaudited)</b>	31 December 2012 US\$ (audited)
Trade payables		
0 - 90 days	<b>936,962</b>	1,296,331
91 - 120 days	—	30,153
Over 120 days	<b>10,348</b>	—
	<b>947,310</b>	1,326,484
Accruals	<b>373,260</b>	554,786
Deposit received in respect of exercise of share options (Note)	<b>164,235</b>	—
	<b>1,484,805</b>	1,881,270

Note: As set out in note 15, the exercise of share options is subject to the approval by relevant regulatory bodies for issue of ordinary shares as at 30 June 2013. The deposit received for exercise of the options amounting to US\$164,235 is refundable in nature. Accordingly, it was classified as current liabilities at the end of the reporting period.

## 14. SHARE CAPITAL

There were no movements in share capital of the Company during both periods.

**15. SHARE-BASED PAYMENTS**

The Company has a share option scheme for eligible directors, employees and consultants of the Group. Details of the share options outstanding during the current period are as follows:

	<b>Number of share options</b>
Outstanding at 1 January 2012 and 30 June 2012	95,782,120
Granted during the six months ended 31 December 2012	45,000,000
Exercised during the six months ended 31 December 2012	(40,220,000)
Forfeited during the six months ended 31 December 2012	(22,104,400)
	<hr/>
Outstanding at 31 December 2012 and 1 January 2013	<b>78,457,720</b>
Forfeited during the period	<b>(28,695,500)</b>
	<hr/>
Outstanding at and 30 June 2013	<b><u>49,762,220</u></b>

During both periods, no expenses was recognised in condensed consolidated statement of comprehensive income related to equity-settled share-based payment transactions.

During the current interim period, the Group received a deposit of US\$164,235 from a consultant to exercise the outstanding share options granted to it. These options were exercised but subject to the approval by relevant regulatory bodies for issue of the ordinary shares as at 30 June 2013. The ordinary shares of the Company will be issued in the second half period.

## 16. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS OF CONVERTIBLE NOTES

On 14 September 2012, the Company issued a Hong Kong dollar denominated convertible notes with a principal amount of HK\$45,785,596 (approximately US\$5,910,000) (“Convertible Notes”) to Chi Capital as part of the consideration for the acquisition of CMMB Vision (USA). The maturity date of the Convertible Notes is 13 September 2015 (“CN Maturity Date”) which is 3 years from the date of issue of the Convertible Notes. The Convertible Notes are not interest bearing and mature on CN Maturity Date at the principal amount. The Convertible Notes are convertible into shares at any time after the issuance up to, but excluding, the close of business on the CN Maturity Date at the conversion price of HK\$0.33, subject to anti-dilutive adjustments (“CN Conversion Option”). The initial number of common shares of the Company issuable upon conversion is 138,744,230 shares, which represent 23.57% of the total number of common shares of the Company issued and outstanding as of the issue date of the Convertible Notes on a fully diluted basis.

The Company is entitled to an option to early redeem at anytime from 14 September 2012 to CN Maturity Date the whole or part of the principal outstanding amount of the Convertible Notes at principal amount. The fair value of redemption option (“CN Redemption Option”) on 14 September 2012 and 31 December 2012 are insignificant.

The Convertible Notes contain a debt component and derivative component (including CN Conversion Option and CN Redemption Option). The CN Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company’s own equity instruments on the basis that the Convertible Notes are denominated in Hong Kong dollar, a foreign currency of the Company.

The fair value of the Convertible Notes is HK\$64,000,000 (approximately US\$8,258,065) on initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the Convertible Notes. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 20% per annum. The derivative component is measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

The fair value of the CN Conversion Option is calculated based on a binomial model.

**17. RELATED PARTY TRANSACTIONS/BALANCES****(i) Balances**

The amounts due to a related company and a director, Mr. Wong Chau Chi, represent advances to finance the operations of the Group and are non-interest bearing and unsecured. The related company is controlled by Mr. Wong Chau Chi. Accordingly, imputed interests on the above amounts are calculated at 5% per annum.

On 30 December 2012, both the related company and Mr. Wong Chau Chi agreed not to demand repayment for at least twelve months from 31 December 2012. Subsequently, the amounts due to a related company and a director have been reclassified from non-current liabilities to current liabilities as at 30 Jun 2013.

**(ii) Transactions**

The Group had the following significant transactions with related party during the period:

Name of related party	Nature of transactions	Six months ended 30 June	
		2013 US\$ (unaudited)	2012 US\$ (unaudited)
Chi Capital Partners Limited	Rental expenses	—	287,368
New York Broadband Holding Inc.	Rental expenses	<u>60,000</u>	<u>—</u>

During the six months ended 30 June 2012, the Group received the annual fee of US\$511,510 from CCTV on behalf of CMMB America, a subsidiary of CMMB Vision (USA). In addition, the Group paid US\$874,598 on behalf CMMB Vision (USA) of which US\$320,000 was paid to a company controlled by a Director.

## 17. RELATED PARTY TRANSACTIONS/BALANCES (Continued)

### (ii) Transactions (continued)

#### Compensation of key management personnel

The remuneration of Directors and key executives of the Group, as determined by the remuneration committee, having regard to the performance of individuals and market trends, were as follows:

	Six months ended 30 June	
	2013	2012
	US\$	US\$
	(unaudited)	(unaudited)
Short-term benefits	—	61,079
	<u>          </u>	<u>          </u>

## 18. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (a) As set out in note 1(c), the Company entered into subscription agreements on 30 July 2013 with subscribers for the subscription of an aggregate 20,000,000 new shares of the Company. These new shares were issued on 13 August 2013.
- (b) As set out in note 1(d), the Company entered into subscription agreements on 15 August 2013 with subscribers for the subscription of an aggregate 52,000,000 new shares of the Company. These new shares are proposed to be issued on or before 29 August 2013.