CMMB VISION

CMMB Vision Holdings Limited

中國移動多媒體廣播控股有限公司

(Formerly known as Global Flex Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

2012

INTERIM REPORT

Contents

Corporate Information

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

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Hong Kong
Tel: +852 3690 2589
Fax: +852 3690 2489
Email: info@cmmbvision.com
Website: www.cmmbvision.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 705
George Town, Grand Cayman
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 agency service relating to procurement and distribution of printed circuit boards ("PCB") materials and generate agency income.

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 China Mobile Multimedia Broadcasting ("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.

CMMB is China home grown mobile TV technology standard that provides terrestrial and satellite broadcast transmission to mobile devices, (e.g. smart-phones, car-mount TVs, GPS, PC TVs, etc.) with accompanying interactive multi-media services. The standard's principal funder is Dr. Hui Liu, the vice-chairman of the Company. The China Broadcasting Corporation, under the State Administration of Radio, Film and Television ("SARFT") commenced commercial CMMB services in 2010 and already operates the world's largest mobile television broadcasting network covering over 300 cities within more than 500 million inhabitants.

CMMB is a key driver for China's 3-Way Network Convergence. China Mobile, the world's largest mobile networks operator, is preparing to roll-out its convergence TD-CMMB services, which packages TD-SDMA 3G voice, data and internet services with CMMB Mobile TV. The service is expected to commence in 2010 and with projected subscribers reaching well over 100 million within a few years.

FINANCIAL REVIEW

For the six months ended 30 June 2012 ("Period"), the Group recorded loss for the period of approximately US$1.0 million as compared to loss for the period approximately US$6.4 million, representing a decrease of approximately 84.4%. Loss per share was approximately US0.02 cents (six months ended 30 June 2011: approximately US0.19 cents) and net assets per share of the Company was approximately US0.0009 cents (31 December 2011: approximately US0.0233 cents).

Revenue

The Group carries out the agency service relating to procurement and distribution of PCB materials and generate agency income. During the Period, the management considered that income derived from the trading of PCB materials constituted as revenue of one of the Group's principal activities due to the expansion of such agency service to be recurring in nature during the Period. Therefore, the related agency income has been recorded as revenue for the Period whereas it had been classified as other income for the year ended 31 December 2011.

During the period, the Group recorded a revenue of approximately US$7,000 which represented the difference between gross proceeds received from the customers of approximately US$3,610,000 and related cost payable to the suppliers of approximately US$3,603,000.

Operating expenses

During the Period, the Group's administrative expenses increased by 37.1% to approximately US$0.7 million (six months ended 30 June 2011: approximately US$0.5 million).

Other expenses

Other expenses represent amortization of intangible assets and legal and professional fee.

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 2012, the Group had shareholders' surplus of approximately US$40,000. Current assets amounted to approximately US$2.9 million. It mainly comprises bank balances and cash of approximately US$0.5 million and trade and other receivables of approximately US$2.0 million. Current liabilities amounted to approximately US$4.4 million. It mainly comprises trade and other payables of approximately US$3.5 million.

As at 30 June 2012, the Group's current ratio was 0.7 (31 December 2011: 0.8) and the gearing ratio (a ratio of total loans to total assets) was Nil (31 December 2011: Nil).

FOREIGN EXCHANGE EXPOSURE

For the Period, most assets, liabilities and transactions of the Group are denominated in Renminbi ("RMB"), Hong Kong Dollars ("HK$") and US$. The management believes that foreign exchange risk does not affect the Group since the sales and purchases in RMB substantially hedged the risks of the transactions in foreign currency and the Group did not make any other hedging arrangement during the Period.

SEGMENT INFORMATION

Details of segment information of the Group for the Period are set out in note 4 to the condensed consolidated financial statements.

EMPLOYEE BENEFITS

For the Period, the average number of employees of the Group was approximately 30 (six months ended 30 June 2011: approximately 100), and the Group's staff costs amount to approximately US$244,000 (six months ended 30 June 2011: approximately US$464,000). 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 2011: Nil) under the share option scheme of the Company adopted on 5 July 2005.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

On 22 November 2011, the Company entered into a share purchase agreement (the "Share Purchase Agreement") with Chi Capital Holdings Limited ("Chi Capital"), a company wholly-owned by Mr. Wong Chau Chi, the chief executive officer of the Group, an executive director of the Company and the chairman of the Board. Pursuant to the Share Purchase Agreement, the Company has conditionally agreed to purchase, and Chi Capital has conditionally agreed to sell, 51% of the equity interest of CMMB Vision (USA) Inc. (the "Acquisition"). The consideration for the Acquisition is valued at HK$95,182,500.

On 30 May 2012, the Company and Chi Capital entered into a supplemental agreement to the Share Purchase Agreement to amend the consideration for the Acquisition as set out in the Share Purchase Agreement. Pursuant to such supplemental agreement, the consideration for the Acquisition is valued at HK$95,182,500, which will consist of a combination of 1,496,875,887 new shares of the Company (the "Share(s)") to be issued by the Company to Chi Capital as consideration for the Acquisition pursuant to the Share Purchase Agreement (the "Consideration Shares") and the notes with HK$45,785,596 in nominal value to be issued by the Company to Chi Capital as consideration for the Acquisition pursuant to the Share Purchase Agreement, convertible into the Shares at HK$0.033 per Share for a total of 1,387,442,303 new Shares (the "Convertible Notes").

On 17 August 2012, the Company and Chi Capital entered into a supplemental agreement to the Share Purchase Agreement. Pursuant to this supplemental agreement, the Company and Chi Capital agreed to supplement following terms to the Convertible Notes:

Conversion Restrictions:

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

If:

(i) the principal amount specified in the conversion notice given by holder(s) of the Convertible Notes to be converted into new Shares will effectively cause the public float of the Company to fall below the Minimum Public Float; or

(ii) the Aggregate Beneficial Interest shall be equal to or exceed the Conversion Threshold, the Company shall only be obliged to convert such principal amount of the Convertible Notes to the extent that such conversion will not result in (i) the public float of the Company to fall below the Minimum Public Float, or (ii) the Aggregate Beneficial Interest becoming equal to or exceeding the Conversion Threshold.

Transfer Restriction:

Other than transfers to a wholly-owned subsidiary of the holder of the Convertible Notes, i.e. Chi Capital, the Convertible Notes may not be assigned or transferred without the prior written consent of the Company, subject to compliance of the conditions of the Convertible Notes and further subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations.

Save as disclosed above, the Group did not have any other material acquisition or disposals of subsidiaries or associates.

CHARGE ON ASSETS

As at 30 June 2012, neither the Group nor the Company pledges any properties and assets (31 December 2011: Nil).

CONTINGENT LIABILITIES

As at 30 June 2012, neither the Group nor the Company has any significant contingent liabilities (31 December 2011: Nil).

PROSPECTS

The Group is currently transforming from a printed circuit board maker to a mobile multimedia technology and service provider through a series of restructuring, divestments and acquisitions, which are in their final phases in making the Group a dedicated operator in delivering mobile and wireless video and Internet data services.

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 AND SHARE OPTIONS

As at 30 June 2012, 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:

(a) 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)	241,702,500	5.37%

Note: Mr. Wong Chau Chi, an executive Director and chairman of the Board and the sole director of Chi Capital, is the beneficial owner of the entire issued share capital of Chi Capital which holds 241,702,500 Shares, and will be interested in another 2,884,318,190 Shares to be issued by the Company as consideration of the Acquisition pursuant to the Share Purchase Agreement.

(b) Share options

Name of Director	Capacity/nature of interest	Number of options held	Number of underlying shares held
Mr. Wong Chau Chi	Beneficial owner	26,750,000	26,750000
Dr. Hui Liu	Beneficial owner	10,000,000	10,000,000
Mr. Chou Tsan-Hsiung	Beneficial owner	10,000,000	10,000,000
Mr. Yang Yi	Beneficial owner	20,000,000	20,000,000
Dr. Li Jun	Beneficial owner	10,000,000	10,000,000
Mr. Wang Wei-Lin	Beneficial owner	2,000,000	2,000,000
Mr. Shan Li	Beneficial owner	10,000,000	10,000,000
		88,750,000	88,750,000

All the interests disclosed above represent long positions in the shares and underlying 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 2012 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:

		Number of share options							
Category	Date of grant	Outstanding at 1 January 2012	Granted during the Period	Exercised during the Period	Cancelled and lapsed during the Period	Outstanding at 30 June 2012	Exercise price per share HKD	Vesting period	Exercise period
Director									
Mr. Wong Chau Chi	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
	23 February 2010	16,750,000	–	–	–	16,750,000	0.121	N/A	23 February 2010 to 22 February 2013
Dr. Hui Liu	24 November 2009	10,000,000	–	–	–	10,000,000	0.146	N/A	24 November 2009 to 23 November 2012
Mr. Chou Tsan-Hsiung	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Mr. Yang Yi	5 November 2009	15,000,000	–	–	–	15,000,000	0.128	N/A	5 November 2009 to 4 November 2012
	24 November 2009	5,000,000	–	–	–	5,000,000	0.146	N/A	24 November 2009 to 23 November 2012
Dr. Li Jun	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Mr. Wang Wei-Lin	5 November 2009	2,000,000	–	–	–	2,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Mr. Shan Li	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Total directors		88,750,000	–	–	–	88,750,000			
Employee	25 September 2009	5,500,000	–	–	–	5,500,000	0.119	/A	25 September 2009 to 24 September 2012
	24 November 2009	644,000	–	–	–	644,000	0.146	N/A	24 November 2009 to 23 November 2012
	3 June 2010	30,000,000	–	–	–	30,000,000	0.121	N/A	3 June 2010 to 2 June 2013
	18 June 2010	13,510,000	–	–	–	13,510,000	0.125	N/A	18 June 2010 to 17 June 2013
Total employee		49,654,000	–	–	–	49,654,000			

Category	Date of grant	Outstanding at 1 January 2012	Granted during the Period	Exercised during the Period	Cancelled and lapsed during the Period	Outstanding at 30 June 2012	Exercise price per share HKD	Vesting period	Exercise period
		Number of share options							
Consultants	25 September 2009	39,000,000	–	–	–	39,000,000	0.119	N/A	25 September 2009 to 24 September 2012
	24 November 2009	103,900,000	–	–	–	103,900,000	0.146	N/A	24 November 2009 to 23 November 2012
	23 February 2010	2,695,000	–	–	–	2,695,000	0.121	N/A	23 February 2010 to 22 February 2013
	3 June 2010	204,000,000	–	–	–	204,000,000	0.121	N/A	3 June 2010 to 2 June 2013
	18 June 2010	20,000,000	–	–	–	20,000,000	0.125	N/A	18 June 2010 to 17 June 2013
	23 November 2011	449,822,200	–	–	–	449,822,200	0.040	N/A	23 November 2011 to 22 November 2014
Total Consultants		819,417,200	–	–	–	819,417,200			
Total		957,821,200	–	–	–	957,821,200			

Save as disclosed above, the Company has no other options, warrant, derivatives, convertible notes or other securities of the Company convertible into or giving rights to subscribe for shares as at 30 June 2012.

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

Save as disclosed under the paragraph "MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT", 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 2012, 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.

Name of Shareholder	Capacity/ nature of interest	Number of ordinary shares (Note 1)	Approximate percentage of interest
Hansom Group Limited	Beneficial owner (Note 2)	479,450,000 (L)	10.66%
Goodluck Overseas Limited	Interest of controlled corporation (Note 2)	479,450,000 (L)	10.66%
Mr. Zhou Qingzhi	Interest of controlled corporation (Note 2)	479,450,000 (L)	10.66%
Chi Capital	Beneficial owner (Note 3)	241,702,500 (L)	5.37%
Mr. Wong Chau Chi	Interest of controlled corporation (Note 3)	241,702,500 (L)	5.37%
	Beneficial owner (Note 4)	26,750,000 (L)	0.59%

Notes:

1. The letter "L" denotes the persons' long positions in the shares of the Company.

2. These shares represent the same parcel of Shares. Mr. Zhou Qingzhi is deemed to be interested in these Shares by virtue of his 64.25% interest in Goodluck Overseas Limited and Goodluck Overseas Limited is deemed to be interested in these Shares by virtue of its entire interest in Hansom Group Limited.

3. These represent the same parcel of Shares. Other than 241,702,500 Shares, Chi Capital will be interested in another 2,884,318,190 Shares to be issued by the Company as consideration of the Acquisition pursuant to the Share Purchase Agreement. The share holding of Chi Capital in the Company will be increased to 42.34% after the completion of the Acquisition and upon full conversion of the Convertible Notes, subject to certain restrictions as stated in the Share Purchase Agreement.

4. Mr. Wong Chau Chi held share options of the Company which shall entitle Mr. Wong Chau Chi to subscribe for 26,750,000 Shares.

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 2012.

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 AND THE LISTING RULES

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 and the Listing Rules, except for the deviation from the following code provisions of CG Code and rule of the Listing Rules:

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.

Code Provision A.5 of the CG Code. The Company had deviated from the Code Provision A.5 of CG Code as the Company did not establish a nomination committee which is chaired by the chairman of the Board or an independent non-executive Director and comprises a majority of independent non-executive Directors.

Code Provision B.1.3 of the CG Code. The Company had deviated from the Code Provision B.1.3 of CG Code as the remuneration committee of the Board did not make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website. Since 31 August 2012, the terms of reference of the remuneration committee of the Board, explaining its role and the authority delegated to it by the Board are available on the Stock Exchange's website and the Company's website.

Code Provision C.3.4 of the CG Code. The Company had deviated from the Code Provision C.3.4 of CG Code as the audit committee of the Board did not make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website. Since 31 August 2012, the terms of reference of the audit committee of the Board, explaining its role and the authority delegated to it by the Board are available on the Stock Exchange's website and the Company's website.

Rule 13.90 of the Listing Rules. The Company had deviated from the Rule 13.90 of the Listing Rules as the Company did not publish on the Company's own website and on the Stock Exchange's website, an up to date consolidated version of its memorandum and articles of association or equivalent constitutional document. Since 31 August 2012, an up to date consolidated version of the Company's memorandum and articles of association is available on the Company's own website and on the Stock Exchange's website.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

On 7 June 2012, the Listing Committee of the Stock Exchange censured (among other matters): (i) Zhejiang Glass Company Limited (Stock Code: 739) for breaching Rules 13.09(1), 13.17, 13.46(2), 13.48(1), 13.49(1), 13.49(6), 14A.04 and 14A.63 of the Listing Rules; and (ii) Dr. Li Jun for his respective breaches of Director's Undertaking as an independent non-executive director of Zhejiang Glass Company Limited. Dr. Li Jun is also an independent non-executive director of the Company.

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, audit, 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. In addition, the Company's auditor, Deloitte Touche Tohmatsu has reviewed the unaudited interim financial information for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim financial information for the Period were approved by the Board on 31 August 2012.

For and on behalf of the Board
Wong Chau Chi
Chairman

Hong Kong, 31 August 2012

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF CMMB VISION HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of CMMB Vision Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

Except as described in the Basis for Qualified Conclusion paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

Valuation of forward contract as at 30 June 2011

As detailed in note 11 to the condensed consolidated financial statements, the Group entered into an equity transfer agreement on 2 September 2010 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 and 30% equity interest in 北京德神傳動廣告有限責任公司 (the "Transaction"). The agreement constituted a forward contract to acquire investments in associates within the scope of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA which requires that it is accounted for at fair value on initial recognition and at the end of each reporting period. However, as further detailed in note 11 to the condensed consolidated financial statements, in the absence of a valuation as at 30 June 2011, we were unable to satisfy ourselves as to the fair value of the forward contract as at 30 June 2011 and its impact on the condensed consolidated financial statements. Any adjustments found to be necessary would affect the Group's loss for the six months ended 30 June 2011. This caused us to qualify our conclusion on the condensed consolidated financial statements for the six months ended 30 June 2011.

QUALIFIED CONCLUSION ARISING FROM LIMITATION OF REVIEW SCOPE ON THE CORRESPONDING FIGURES FOR THE SIX MONTHS ENDED 30 JUNE 2011

Based on our review, except for the effect on the corresponding figures for the six months ended 30 June 2011 of such adjustments, if any, which might have been determined to be necessary had we been able to obtain sufficient information concerning the matter as described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the condensed consolidated financial statement are not prepared, in all material respects, in accordance with HKAS 34.

EMPHASIS OF MATTER

Without qualifying our conclusion, we draw attention to note 1 to the condensed consolidated financial statements which indicates that the Group incurred a loss of US$1,005,578 for the six months ended 30 June 2012 and as at that date, the Group's current liabilities exceeded its current assets by US$1,405,295. The ability of the Group to continue as a going concern is dependent on the Group's ability to successfully implement the measures and fund raising as set out in note 1 to the condensed consolidated financial statements. The condensed consolidated financial statements do not include any adjustments that would result from a failure to implement these measures and obtain such funding.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 August 2012

	NOTES	Six months ended 30 June 2012 US$ (unaudited)	2011 US$ (unaudited)
Continuing operations			
Revenue	3	**7,029**	—
Other income (loss)	3	**43**	(4,260)
Administrative expenses		**(696,569)**	(508,077)
Other expenses		**(316,080)**	(41,622)
Finance costs		**(1)**	(73)
Loss for the period from continuing operations	6	**(1,005,578)**	(554,032)
Discontinued operations			
Loss for the period from discontinued operations	7	**—**	(5,848,328)
Loss for the period		**(1,005,578)**	(6,402,360)
Other comprehensive expense			
Exchange differences arising on translation		**(1,425)**	(538,490)
Total comprehensive expense for the period		**(1,007,003)**	(6,940,850)
Loss for the period attributable to owners of the Company:			
– from continuing operations		**(975,661)**	(554,032)
– from discontinued operations		**—**	(5,848,328)
Loss for the period attributable to owners of the Company		**(975,661)**	(6,402,360)
Loss for the period attributable to non-controlling interests:			
– from continuing operations		**(29,917)**	—
		(1,005,578)	(6,402,360)
Total comprehensive expense attributable to:			
– Owners of the Company		**(977,086)**	(6,940,850)
– Non-controlling interests		**(29,917)**	—
Total comprehensive expense for the period		**(1,007,003)**	(6,940,850)
		US cents	US cents
Loss per share	9		
From continuing and discontinued operations – Basic and diluted		**(0.02)**	(0.19)
From continuing operations – Basic and diluted		**(0.02)**	(0.02)

	NOTES	**30 June 2012 US$ (unaudited)**	31 December 2011 US$ (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**26,054**	35,061
Intangible assets		**1,419,345**	1,504,506
Interests in associates	11	**—**	—
		1,445,399	1,539,567
CURRENT ASSETS			
Trade and other receivables and prepayments	12	**2,042,042**	1,173,401
Amount due from a related company		**363,088**	—
Bank balances and cash		**541,108**	315,813
		2,946,238	1,489,214
CURRENT LIABILITIES			
Trade and other payables	13	**3,504,941**	1,216,839
Amounts due to related companies		**470,786**	389,029
Amount due to a director		**375,806**	375,806
		4,351,533	1,981,674
NET CURRENT LIABILITIES		**(1,405,295)**	(492,460)
		40,104	1,047,107
CAPITAL AND RESERVES			
Share capital	14	**5,804,157**	5,804,157
Share premium and reserves		**(5,910,713)**	(4,933,627)
Equity attributable to owners of the Company		**(106,556)**	870,530
Non-controlling interests		**146,660**	176,577
TOTAL EQUITY		**40,104**	1,047,107

	Share capital US$	Share premium US$	Merger reserve US$ (note i)	Statutory reserve US$ (note ii)	Distributable reserve US$ (note iii)	Share options reserve US$	Capital reserve US$ (note iv)	Exchange reserve US$	Accumulated losses US$	Sub-total US$	Non-controlling interests US$	Total US$
As at 1 January 2011 (audited)	4,436,315	34,787,558	31,987,096	6,391,242	18,464,516	5,800,669	1,639,897	12,130,917	(126,629,816)	(10,991,606)	–	(10,991,606)
Loss for the period	–	–	–	–	–	–	–	–	(6,402,360)	(6,402,360)	–	(6,402,360)
Exchange differences arising on translation	–	–	–	–	–	–	–	(538,490)	–	(538,490)	–	(538,490)
Total comprehensive expense for the period	–	–	–	–	–	–	–	(538,490)	(6,402,360)	(6,940,850)	–	(6,940,850)
Forfeiture of share options	–	–	–	–	–	(24,618)	–	–	24,618	–	–	–
As at 30 June 2011 (unaudited)	4,436,315	34,787,558	31,987,096	6,391,242	18,464,516	5,776,051	1,639,897	11,592,427	(133,007,558)	(17,932,456)	–	(17,932,456)
Profit for the period	–	–	–	–	–	–	–	–	12,457,567	12,457,567	(9,936)	12,447,631
Exchange differences arising on translation	–	–	–	–	–	–	–	(611,328)	–	(611,328)	–	(611,328)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	–	(611,328)	12,457,567	11,846,239	(9,936)	11,836,303
Recognition of equity settled share-based payments	–	–	–	–	–	1,133,276	–	–	–	1,133,276	–	1,133,276
Forfeiture of share options	–	–	–	–	–	(341,229)	–	–	341,229	–	–	–
Issue of shares	1,367,842	4,066,578	–	–	–	–	–	–	–	5,434,420	–	5,434,420
Transaction costs related in issue of shares	–	(8,258)	–	–	–	–	–	–	–	(8,258)	–	(8,258)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	186,513	186,513
Deemed capital contribution from a shareholder upon disposal of subsidiaries	–	–	–	–	–	–	397,309	–	–	397,309	–	397,309
Release upon deconsolidation of a subsidiary	–	–	–	(6,391,242)	–	–	–	(10,952,179)	17,343,421	–	–	–
At 31 December 2011 (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 expenses 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

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., a subsidiary of the Company acquired pursuant to a group reorganisation on 5 July 2005.

(ii) Pursuant to the relevant regulations applicable to foreign investment enterprises established in the People's Republic of China (the "PRC"), certain PRC subsidiaries of the Company are required to transfer certain percent of its profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to offset accumulated losses or increase capital. During the year ended 31 December 2011, the Group transferred the statutory reserve to accumulated losses upon deconsolidation of a subsidiary in the PRC.

(iii) 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.

(iv) Capital reserve represents (i) the capital contribution from a controlling shareholder of the Company through the shares granted by a controlling shareholder to the employees of the Company during the year ended 31 December 2006 and 2008 and (ii) deemed capital contribution from a shareholder upon disposal of subsidiaries during the year ended 31 December 2011.

	Six months ended 30 June	
	2012	2011
	US$	US$
	(unaudited)	(unaudited)
Net cash used in operating activities	**(1,142,232)**	(3,784,239)
Net cash used in investing activities		
Advance to a related company	**(874,598)**	(125,129)
Receipt on behalf of a related company	**511,510**	—
Purchase of property, plant and equipment	**(2,755)**	(23,095)
Deposits paid on acquisition of CMMB projects	—	(197,419)
Other investing cash flows	—	2,421
	(365,843)	(343,222)
Net cash from financing activities		
Deposits received in respect of exercise of share options	**1,651,613**	—
Advance from related companies	**81,757**	—
New other borrowings raised	—	506,833
Repayment of bank borrowings	—	(100,440)
Other financing cash flows	—	(13,973)
	1,733,370	392,420
Net increase (decrease) in cash and cash equivalents	**225,295**	(3,735,041)
Cash and cash equivalents at beginning of the period	**315,813**	3,957,006
Effect of foreign exchange rate changes	—	45,996
Cash and cash equivalents at end of the period	**541,108**	267,961
Represented by:		
Bank balances and cash	**541,108**	205,482
Bank and cash equivalents included in assets classified as held for sale	—	62,479
	541,108	267,961

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 of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of US$1,005,578 for the six-month ended 30 June 2012 and the Group's current liabilities exceeded its current assets by US$1,405,295 as at 30 June 2012. In the opinion of the directors of the Company, 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) Upon completion of the acquisition of CMMB International Limited on 25 October 2011, the Group obtained the exclusive international development and licensing rights of China Mobile Multimedia Broadcasting ("CMMB") technology granted by 北京泰美世紀科技有限公司 ("TiMi Technologies Co., Ltd."), a company established in the People's Republic of China (the "PRC") under the Academy of Broadcasting Science under the State Administration of Radio, Film and Television of the PRC (the "SARFT"). The Group will provide turnkey solutions to develop and promote CMMB technology and business platform in markets outside of the PRC and participate in service operations through partnerships in overseas markets to build a global CMMB franchise. As set out in the announcement of the Company dated 20 February 2012, in collaboration with TiMi Technologies Co., Ltd., the Group has successfully conducted the World's first-ever trial of 6MHz-based CMMB mobile broadcasting. The trial was carried out in Richmond, Virginia, the United States of America (the "USA"), which has Flex Use permission from the Federal Communication Commission.

1. BASIS OF PREPARATION (Continued)

(b) The Group entered into a conditional sale and purchase agreement dated 22 November 2011 to acquire 51% of the issued share capital of CMMB Vision (USA) Inc. ("CMMB Vision (USA)") from Chi Capital Holdings Limited, a shareholder of the Company which is controlled by Mr. Wong Chau Chi, Charles, a director of the Company, as detailed in a circular issued by the Company dated 17 August 2012. The Company will settle the acquisition through issue of shares and convertible bonds in order to minimise its capital cost. The acquisition will give the Group a right to use a digital terrestrial television platform in New York, the USA with four Ultra High Frequency ("UHF") television stations totalling 24 MHz in spectrum bandwidth capable of broadcasting 24 digital channels which can be used for developing CMMB network or traditional terrestrial free-to-air boardcast television ("TV") network, and a complementing 6 MHz UHF spectrum network in Richmond, Virginia in the USA. After the completion of the acquisition, the Group will develop a trial network for CMMB mobile video and data delivery service, starting with Richmond, Virginia in the USA and then commercial trial network in New York, through partnerships with USA operators and Chinese technology providers. The directors of the Company expect that the acquisition will be completed in September 2012.

(c) In addition, CMMB Vision (USA), through its subsidiary, CMMB America, LLC. ("CMMB America"), signed the TV channel cooperation agreement with China Central Television ("CCTV") to jointly operate three CCTV TV channels in New York. CCTV agreed to pay CMMB America an annual fee per year from year 2012 onwards up to 31 December 2014. As set out in the announcement of the Company dated 21 February 2012, the channels will be aired via CMMB Vision (USA)'s New York public free-to-air TV channels and this cooperation enabled for the first time for CCTV to broadcast programs in New York via public TV network in February 2012. Both CMMB Vision (USA) and CCTV look forward to deepening cooperation in multiple levels in the US market, and eventually be able to deliver programs across converged cable, Internet, and mobile multimedia network to attain maximum and ubiquitous coverage. Upon completion of the proposed acquisition of CMMB Vision (USA), the directors of the Company anticipate that the Group's future cash flow will be improved as it will incorporate the positive cash flows generated from the operating activities of CMMB Vision (USA).

(d) As set out in note 15, the Group received deposits of US$1,651,613 from certain consultants to exercise share options granted to them. As at 30 June 2012, the deposits received was included in other payables and subsequently settled through issues of ordinary shares in August 2012. In addition, the Group also has plans to further issue new ordinary shares to raise additional funds to improve its liquidity position.

1. BASIS OF PREPARATION (Continued)

(e) Chi Capital Holdings Limited has agreed to provide financial support to enable the Group to meet its financial obligation as they fall due in the foreseeable future. Also, the related companies and the director agreed not to demand repayment of advance to the Group of US$470,786 and US$375,806 respectively until the Group is in a financial position to repay the amounts.

Based on the aforesaid factors, the directors of the Company 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 condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

- amendments to HKFRS 7 "Financial Instruments: Disclosures - Transfers of Financial Assets"; and
- amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets".

The application of the above amendments 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.

3. REVENUE AND OTHER INCOME (LOSS)

	Six months ended 30 June	
	2012	2011
	US$	US$
	(unaudited)	(unaudited)
Continuing operations		
Revenue		
Provision of agency service (note)	**7,029**	—
Other income (loss)		
Interest income	**13**	40
Others	**30**	(4,300)
	43	(4,260)

Note: The Group carries out the agency service relating to procurement and distribution of printed circuit board ("PCB") materials and generate agency income after the discontinuation of PCB operations as set out in note 7. For the six months ended 30 June 2011, no significant amount relating to provision of agency services was recognised in profit or loss.

During the current interim period, the management considered that agency income derived from the provision of agency service relating to PCB materials constituted as revenue of one of the Group's principal activities due to the expansion of such agency service to be recurring in nature. Therefore, the related agency income has been recorded as revenue for the six months ended 30 June 2012.

During the period, income from provision of agency service of US$7,029 is recognised as revenue which represented the difference between gross proceeds received from the customers of US$3,610,585 and related cost payable to the suppliers of US$3,603,556.

4. SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. Previously, the Group was involved in manufacturing of rigid PCB and rigid PCB assembly ("PCB operations"). As set out in note 7, these manufacturing operations were discontinued with effect from 30 March 2011 to realign the Group's business focus and resources in the CMMB business in line with the Group's latest business strategy.

4. SEGMENT INFORMATION (Continued)

In the past, since the discontinuation of PCB operations, there was only one single operating segment in the internal reporting to the Company's executive directors and the Company's executive directors review the Group's results for the period and total assets from the continuing operations as a whole, which mainly represent CMMB business. During the six months ended 30 June 2012, the Group expanded its agency service relating to trading of PCB materials ("Trading business").

Subsequent to this change in structure of the Group's internal reporting in the current interim period, the Company's executive directors assess revenue and results of CMMB business and Trading business instead of only reviewing the Group's results for the period as a whole. Accordingly, the comparative figures have been restated as a result of the change of segment information presented.

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

Six months ended 30 June 2012

	CMMB business (Unaudited) US$	Trading business (Unaudited) US$	Total (Unaudited) US$
Continuing operations			
Segment revenue	—	7,029	7,029
Segment (loss) profit	(316,080)	1,021	(315,059)
Unallocated income			43
Unallocated expenses			(690,562)
Loss for the period			(1,005,578)

4. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2011

	CMMB business (Unaudited) US$
Continuing operations	
Segment revenue	—
Segment loss	(32,589)
Unallocated income	55
Unallocated expenses	(521,498)
Loss for the period	(554,032)

Segment profit or loss represents the profit or loss for the period of each segment without allocation of unallocated corporate income, central administrative costs, other expenses not attributable to segment loss and finance costs. This is the measure reported to the Company's executive directors for the purposes of resource allocation and performance assessment. All of the segment revenue reported above is from external customers.

5. TAXATION

No provision for 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 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 FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2012	2011
	US$	US$
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**11,609**	2,490
Amortisation of intangible assets included in other expenses	**85,161**	—
Legal and professional fee included in others expenses	**230,919**	41,622
Interest on bank overdrafts wholly repayable within five years	**1**	73
Bank interest income	**(13)**	(40)

Note: The amounts represented legal and professional fee payable to consultants, advisors and other professional parties for development and acquisition of new business.

7. DISCONTINUED OPERATIONS

On 30 March 2011, the Company entered into a sale and purchase agreement in connection with the disposal of the entire interest in Global Technology International Limited ("GTI") and its subsidiaries at a consideration of HK$1,000 (equivalent to US$129) to a related company which is beneficially owned by Mr. Wong Chau Chi, Charles. Accordingly, the Group discontinued its manufacturing of PCB operations.

The results of the discontinued operations for the six months ended 30 June 2011, which have been included in the condensed consolidated statement of comprehensive income, were as follows:

	US$
	(unaudited)
Revenue	1,247,000
Cost of sales	(4,202,289)
Other income	202,688
Distribution and selling expenses	(96,900)
Administrative expenses	(1,447,054)
Impairment loss on trade and other receivables	(823,432)
Gain on disposal on property, plant and equipment	202,470
Finance costs	(930,811)
Loss for the period	(5,848,328)

7. DISCONTINUED OPERATIONS (Continued)

Loss for the period from discontinued operations including:

	US$ (unaudited)
Depreciation of property, plant and equipment	1,065,228
Depreciation of investment property	44,986
Interest on bank and other borrowings wholly repayable within five years	930,811
Release of prepaid lease payments	5,094
Write-down of inventories	92,690
Bank interest income	(2,381)

For the six months ended 30 June 2011, the discontinued operations paid US$2,427,107 in respect of the Group's operating activities, paid US$20,174 in respect of investing activities and received US$392,493 in respect of financing activities.

8. DIVIDENDS

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

9. BASIC AND DILUTED LOSS PER SHARE

For continuing and discontinued operations

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

	Six months ended 30 June	
	2012	2011
	US$	US$
	(unaudited)	(unaudited)
Loss for the period for the purposes of basic and diluted loss per share	**(975,661)**	(6,402,360)
Number of ordinary shares for the purposes of basic and diluted loss per share	**4,498,222,000**	3,438,144,000

9. BASIC AND DILUTED LOSS PER SHARE (Continued)

From continuing operations

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

	Six months ended 30 June	
	2012	2011
	US$	US$
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	**(975,661)**	(6,402,360)
Less: loss for the period from discontinued operations	—	5,848,328
Loss for the purposes of basic and diluted loss per share from continuing operations	**(975,661)**	(554,032)

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.

From discontinued operations

For the six months ended 30 June 2011, basic and diluted loss per share from the discontinued operations was US$0.17 per share, based on the loss for the period from the discontinued operations of US$5,848,328 and the denominators detailed above for both basic and diluted loss per share.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group disposed of certain plant and machinery with a carrying amount of US$27,939 for offset with other payable of US$230,409, resulting in a gain on disposal of US$202,470.

In addition, during the current interim period, the Group spent US$2,755 (for the six months ended 30 June 2011: US$23,506) as additions to equipment for daily operations.

11. INTERESTS IN ASSOCIATES

	30 June 2012 US$ (unaudited)	31 December 2011 US$ (audited)
Interests in associates		
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 equity transfer agreement constitutes a forward contract to acquire investments in associates within the scope of HKAS 39 to account for it at fair value on initial recognition and at each of the subsequent reporting date, up till the date of acquisition. In the absence of a valuation as at 30 June 2011, no fair value of the forward contract were recognised in profit or loss during the six months ended 30 June 2011.

The acquisition of Fuxue and Deshen was completed in August 2011. The fair value of the relevant associates at the date of acquisition was arrived at by reference to business valuations carried out on that date by an independent valuer, Roma Appraisals Limited, using business valuation techniques which involve certain assumptions of prevailing market conditions and apply a discount rate of 32.24% per annum and further adjusted for all outstanding debts at the date of acquisition. The resulting fair value (deemed cost) of unlisted investments at the date of completion is negligible and accordingly, a loss on fair value change of forward contract of US$10,529,926 was recognised in profit or loss during the year ended 31 December 2011.

The Group's associates recorded net liabilities at the date of acquisition as at 31 December 2011 and 30 June 2012. 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 2011 and the six months ended 30 June 2012.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group generally allows an average credit period ranged from 30 days to 150 days to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period.

	30 June 2012 US$ (unaudited)	31 December 2011 US$ (audited)
Trade receivables:		
0 - 30 days	**479,333**	—
31 - 60 days	**454,916**	—
61 - 90 days	**479,933**	—
Over 90 days	**462,432**	—
	1,876,614	—
Other receivables and deposits (note)	**7,461**	902,809
Prepayments	**157,967**	270,592
	2,042,042	1,173,401

Note: Included in the Group's other receivables balance as at 31 December 2011 were gross proceeds receivables of US$890,163 from agency service relating to trading of PCB materials.

13. TRADE AND OTHER PAYABLES

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

	30 June 2012 US$ (unaudited)	31 December 2011 US$ (audited)
Trade payables		
0 - 30 days	**420,077**	—
31 - 60 days	**429,925**	—
61 - 90 days	**473,923**	—
Over 90 days	**257,348**	—
	1,581,273	—
Accruals	**271,534**	579,584
Deposits received in respect of exercise of share options (note (i))	**1,651,613**	—
Other payables (note (ii))	**521**	637,255
	3,504,941	1,216,839

Notes:

(i) As set out in note 15, the exercise of share options were subject to the approval by relevant regulatory bodies for issue of ordinary shares as at 30 June 2012. The deposits received for exercise of the options of US$1,651,513 were refundable in nature and accordingly, classified as current liabilities at the end of the reporting period.

(ii) Included in the Group's other payables balance as at 31 December 2011 were procurement cost payable to the suppliers of US$635,059 from agency service relating to trading of PCB materials.

14. SHARE CAPITAL

There were no movement 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:

	Number of share options
Outstanding at 1 January 2011	535,326,667
Forfeited during the period	(2,000,000)
Outstanding at 30 June 2011	533,326,667
Granted during the period	449,822,200
Forfeited during the period	(25,327,667)
Outstanding at 31 December 2011 and 30 June 2012	957,821,200

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 deposits of US$1,651,613 from certain consultants to exercise 320,000,000 of the outstanding share options granted to them. These options were exercised but subject to the approval by relevant regulatory bodies for issue of the ordinary shares as at 30 June 2012. The ordinary shares of the Company were issued in August 2012.

16. CAPITAL COMMITMENTS

	30 June 2012 US$ (unaudited)	31 December 2011 US$ (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of subsidiaries	**12,281,613**	12,281,613

17. RELATED PARTY TRANSACTIONS/BALANCES

(i) Balances

The amounts due from (to) related companies which are controlled by Mr. Wong Chau Chi, Charles are non-interest bearing, unsecured and repayable on demand.

(ii) Transactions

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

Name of related parties	Nature of transactions	Six months ended 30 June 2012 US$ (unaudited)	Six months ended 30 June 2011 US$ (unaudited)
Chi Capital Partners Limited	Rental expenses	**287,368**	283,935
Chi Capital Securities Limited	Consultancy fee expenses	—	15,484

During the current interim period, the Group received the annual fee of US$511,510 from CCTV as set out in note 1(c) 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 of the Company.

In addition to above, for the six months ended 30 June 2011, certain properties held by Mr. Wong Chau Chi, Charles were occupied by a subsidiary for nil consideration.

Chi Capital Partners Limited and Chi Capital Securities Limited are controlled by Mr. Wong Chau Chi, Charles.

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	
	2012	2011
	US$	US$
	(unaudited)	(unaudited)
Short-term benefits	**61,079**	86,102

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) In August 2012, the Company issued 320,000,000 new ordinary shares of the Company upon the approval by relevant regulatory bodies for issue of ordinary shares to certain consultants which exercised the share options granted to them during the current interim period. As at 30 June 2012, the deposit received for exercise of these share options, amounting to US$1,651,613, was included in other payables as set out in note 13.

(b) On 17 August 2012, the Company issued a circular in connection with:

i. Acquisition of CMMB Vision (USA) by way of issue of ordinary shares and convertible notes as detailed in note 1(b) subject to permission from the relevant regulatory bodies upon completion of share consolidation as set out below

ii. Share consolidation to consolidate every ten issued and unissued shares into one consolidated share with a par value of HK$0.10 each in the share capital of the Company.

The above transactions, details of which are set out in the circular, were subject to the Company's shareholders approval on an extraordinary general meeting scheduled on 7 September 2012.