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CMMB VISION HOLDINGS LIMITED
中國移動多媒體廣播控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of CMMB Vision Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** **US$**	**2013** **US$**
Revenue	5	912,492	713,774
Cost of sales		(582,824)	(652,695)
Gross profit		329,668	61,079
Interest income		115	80
Administrative expenses		(1,540,874)	(1,051,387)
Advertising expenses		(28,903)	(38,170)
Other expenses	8	(1,249,225)	(903,504)
Change in fair value of derivative components of convertible notes	13	1,236,203	2,517,131
Finance costs	6	(865,802)	(819,380)
Loss before tax		(2,118,818)	(234,151)
Income tax expense	7	(87,310)	(59,000)
Loss for the year and total comprehensive expense	8	(2,206,128)	(293,151)
(Loss) profit for the year and total comprehensive (expense) income attributable to:			
- Owners of the Company		(1,977,648)	212,481
- Non-controlling interests		(228,480)	(505,632)
		(2,206,128)	(293,151)
			(Restated)
(Loss) earnings per share	9		
Basic		(0.0009)	0.0002
Diluted		(0.0010)	(0.0015)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	NOTES	**2014** **US$**	**2013** **US$**
NON-CURRENT ASSETS			
Property, plant and equipment		29,638	51,885
Intangible assets	10	23,843,846	23,843,846
Deposits for the acquisition of intangible assets	10	38,116,910	11,020,706
Interests in associates		—	—
		61,990,394	34,916,437
CURRENT ASSETS			
Trade and other receivables	11	1,627,749	1,394,043
Bank balances and cash		10,136,633	877,155
		11,764,382	2,271,198
CURRENT LIABILITIES			
Trade and other payables	12	2,067,791	2,121,967
Amount due to a related company		686,966	—
Tax payable		28,310	—
Convertible notes	13	6,478,217	—
		9,261,284	2,121,967
NET CURRENT ASSETS		2,503,098	149,231
TOTAL ASSETS LESS CURRENT LIABILITIES		64,493,492	35,065,668
NON-CURRENT LIABILITIES			
Convertible notes	13	—	6,848,618
Amount due to a related company		—	675,165
Amount due to a director		—	48,746
		—	7,572,529
		64,493,492	27,493,139
CAPITAL AND RESERVES			
Share capital	14	48,651,599	11,099,042
Share premium and reserves		5,314,210	5,637,934
Equity attributable to owners of the Company		53,965,809	16,736,976
Non-controlling interests		10,527,683	10,756,163
TOTAL EQUITY		64,493,492	27,493,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company acts as an investment holding company. The Company together with its subsidiaries (collectively the "Group") are principally engaged in the development and promotion of CMMB-based multimedia and interactive services via proprietary terrestrial infrastructure. In the People's Republic of China (the "PRC"), it has entered into a memorandum of understanding with New York Broadband LLC ("NYBB"), a related party of which Mr. Wong Chau Chi ("Mr. Wong"), a director and shareholder of the Company, through its wholly-owned subsidiary, Chi Capital Holdings Limited ("Chi Capital"), has certain equity interest, to acquire the AsiaStar mobile satellite capacity and assets, which has coverage over the PRC and Asia Pacific Region. In United States of America ("USA"), the Group is operating a terrestrial UHF wireless television ("TV") network providing digital media and entertainment services to New York and other key markets in preparation to deploying a similar multimedia service platform in USA.

China Mobile Multimedia Broadcasting ("CMMB") is a digital mobile multimedia technology developed by and currently commercially deployed in the PRC under the State Administration of Radio, Film and Television ("SARFT"). It can deliver digital mobile TV and multimedia contents via both terrestrial and satellite networks directly to mobile and wireless devices such as smartphone, tablet, pocket TV, lap-tops, automobile digital receivers and personal media player that are equipped with a CMMB-enabled chipset. Its broadcast oriented delivery can render data contents to be received anytime anywhere with enormous scale and cost efficiency and encounter no traffic interruption or bandwidth squeeze typical of today's unicast-based cellular network. The signals can be received over 350 kilometer/hour without distortion. The technology is also known as sTiMi (Satellite and Terrestrial Interactive Mobile Infrastructure").

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

The Group is also engaged in the provision of agency services. Agency services relating to the procurement and distribution of printed circuit board ("PCB") materials generate agency income which represents the difference between gross proceeds received from customers and related cost payable to suppliers.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group incurred a loss of approximately US$2,206,000 during the year ended 31 December 2014. In the opinion of the directors of the Company (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, the following:

(a) In 2012, the Group commenced the provision of transmission and broadcasting of TV programs subsequent to the acquisition of CMMB Vision USA Inc. ("CMMB Vision USA"). A 3-year service contract was entered into between CMMB Vision USA and China Central Television ("CCTV"), a state-owned enterprise in the PRC. The Directors are currently under negotiation with other parties for the provision of TV broadcasting services and are of the opinion that such service can provide a reliable and stable cash flow for the Group to operate. The service contract with CCTV was renewed for another 3 years from 1 January 2015 to 31 December 2017.

(b) Subsequent to the year end date, the Group has issued new shares for consideration approximately HK$48,824,000 (equivalent to US$6,300,000). The Group plans to further issue new shares to raise additional funds to improve its liquidity position.

(c) Chi Capital, a company wholly owned by Mr. Wong, 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 consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Applications of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs and a new interpretation issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

Except as describe below, the application of the amendments to HKFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has resulted in additional disclosures in the Group's consolidated financial statements which had been fully disclosed in notes to the consolidated financial statements.

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 July 2014
[4] Effective for annual periods beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted

HKFRS 9 ***Financial Instruments***

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

Key requirements of HKFRS 9 are described below:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the application of HKFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2014.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

The Group is in the process of reviewing the potential impacts on the application of HKFRS 15. It is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

4. SEGMENT INFORMATION

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

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

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

1. CMMB business - Provision of transmission and broadcasting of television programs.

2. Trading business - Provision of agency services relating to trading of PCB materials.

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

For the year ended 31 December 2014

	CMMB business US$	Trading business US$	Total US$
Revenue			
Segment revenue	590,000	322,492	912,492
Segment profit	246,276	150,879	397,155
Interest income			115
Unallocated expenses			(2,603,398)
Loss for the year			(2,206,128)

For the year ended 31 December 2013

	CMMB business US$	Trading business US$	Total US$
Revenue			
Segment revenue	590,000	123,774	713,774
Segment profit (loss)	705,110	(20,037)	685,073
Interest income			80
Unallocated expenses			(978,304)
Loss for the year			(293,151)

Segment assets

	2014 US$	2013 US$
CMMB business	61,966,341	34,970,424
Trading business	1,596,172	1,826,458
Total segment assets	63,562,513	36,796,882
Unallocated		
- Property, plant and equipment	29,638	49,396
- Other receivables	31,577	30,976
- Bank balances and cash	10,131,048	310,381
Consolidated assets	73,754,776	37,187,635

Segment liabilities

	2014 US$	2013 US$
CMMB business	6,478,217	6,848,618
Trading business	1,533,235	1,470,068
Total segment liabilities	8,011,452	8,318,686
Unallocated		
- Accruals	562,866	332,567
- Other payables	—	319,332
- Amount due to a related company	686,966	675,165
- Amount due to a director	—	48,746
Consolidated liabilities	9,261,284	9,694,496

5. REVENUE

Revenue of the Group is analysed as follows:

	2014 US$	2013 US$
Provision of agency services	322,492	123,774
Provision of transmission and broadcasting services	590,000	590,000
	912,492	713,774

6. FINANCE COSTS

	2014 US$	2013 US$
Effective interest expense on convertible notes (note 13)	865,802	780,119
Imputed interest on an amount due to a related party	—	21,226
Imputed interest on an amount due to a director	—	18,035
	865,802	819,380

7. TAXATION

	2014 US$	2013 US$
Current tax:		
Withholding tax on foreign income	59,000	59,000
Taiwan Income Tax	28,310	—
	87,310	59,000

8. LOSS FOR THE YEAR

	2014 US$	2013 US$
Loss for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
- Salaries and allowances	869,171	235,265
- Retirement benefit scheme contributions	1,935	2,064
Total staff costs	871,106	237,329
Other expenses:		
- Equity-settled share-based payment expenses to consultants	600,879	—
- Legal and professional fee (note)	648,346	903,504
	1,249,225	903,504
Amortisation of intangible assets (included in cost of sales)	—	306,345
Auditor's remuneration	193,548	184,516
Depreciation of property, plant and equipment	22,247	19,292
Exchange loss, net	27,903	14,887

Note: The amounts represented (i) listing expenses and (ii) amounts paid or payable to consultants, advisors and other professional parties for the Group's business development and for investment advisory services on potential investments opportunities during the year ended 31 December 2014 and 2013.

9. (LOSS) EARNINGS PER SHARE

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

	2014 US$	2013 US$
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	(1,977,648)	212,481
Effect of dilutive potential ordinary shares:		
- Interest on convertible notes	865,802	780,119
- Change in fair value of derivative components of convertible notes	(1,236,203)	(2,517,131)
Loss for the year attributable to owners of the Company for the purpose of dilutive loss per share	(2,348,049)	(1,524,531)

	2014	2013
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	2,216,470,378	856,568,772
Effect of dilutive potential ordinary shares:		
- Convertible notes	167,100,715	167,100,715
- Share options	N/A	2,111,372
Weighted average number of ordinary shares for the purpose of dilutive loss per share	2,383,571,093	1,025,780,859

The weighted average of ordinary shares for the purposes of calculating basic and diluted (loss) earnings per share for the year ended 31 December 2013 had been retrospectively adjusted for the effect of bonus element of rights issue and bonus issue completed on 31 July 2014.

The computation of the diluted loss per share for the year ended 31 December 2014 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

10. INTANGIBLE ASSETS / DEPOSITS FOR THE ACQUISITION OF INTANGIBLE ASSETS

INTANGIBLE ASSETS

Intangible assets represent (a) contract acquisition costs/spectrum usage rights and (b) licensing rights.

(a) The contract acquisition costs/spectrum usage rights represented a lease agreement which provided the exclusive right of four UHF spectrum TV station network in New York City with total 24 MHz in bandwidth capable of operating 24 digital channels of terrestrial and mobile TV and video programs covering 12 million populations in the New York Metropolitan of New York State.

During the years ended 31 December 2014 and 2013, the management conducted an impairment assessment on the spectrum usage rights. The Directors determined there is no impairment loss recognised for the years ended 31 December 2014 and 2013 based on the fair value less cost to sell ("FVLCTS") by reference to the spectrum transacted in New York City as the Directors considered that the FVLCTS is higher than the carrying amount of spectrum usage rights.

(b) The licensing rights represented the exclusive international development and licensing right of CMMB technology registered in the PRC for providing turnkey solutions to develop and promote CMMB technology and business platform in markets outside of the PRC. As at 31 December 2014 and 2013, there were no changes to circumstances which led to the impairment in the prior year. Accordingly, no reversal of impairment loss had been made in the current year.

DEPOSITS FOR THE ACQUISITION OF INTANGIBLE ASSETS

Refundable deposits paid for the acquisition of intangible assets as at 31 December 2014 and 2013 as follows:

	2014 US$	2013 US$
TV stations and spectrum in USA (a)	32,958,196	8,020,706
Satellite and related assets (b)	5,158,714	3,000,000
	38,116,910	11,020,706

(a) Pursuant to a sale and purchase agreement dated 23 May 2014 and a supplementary agreement dated 14 October 2014 (collectively the "S&P Agreements") entered into between the Company and Chi Capital to acquire the 79% equity interest in Chi Vision USA Corporation ("Chi Vision"), a company established in Delaware, USA with limited liability and is owned as to 20% by NYBB and 80% by Chi Capital. Chi Vision holds the user and operating rights over free-to-air UHF spectrum TV stations inclusive of the spectrum usage, broadcasting rights and operating facilities in seven top US metropolitan cities which are Los Angeles, San Francisco, Dallas, Houston, Altanta, Miami and Tampa (the "Acquisition"). The purpose of the Acquisition is to integrate and expand the Company's existing UHF network in New York with the additional key and strategic cities across the USA so as to create a much larger spectrum network to enable the delivery of free-to-air TV services initially, and next generation CMMB mobile multimedia service eventually, with greater audience coverage, operating efficiencies, and revenue opportunities. The consideration for the Acquisition will be settled by US$34,180,000 which will be paid by cash; US$38,000,000 will be satisfied by the issue of the convertible notes at the initial conversion price of HK$0.10; and US$5,300,000 will be satisfied by the issue of the convertible notes at the initial conversion price of HK$0.473. The Acquisition has not completed as at the date of this announcement.

(b) On 9 September 2014, the Company entered into a memorandum of understanding with New York Broadband II, LLC, a wholly-owned subsidiary of NYBB, to acquire the capacity of the current geosynchronous L-band satellite known as AsiaStar and its two follow-on co-location new generation satellites in order to provide mobile multimedia and broadband internet services in the PRC and other Asian markets. The memorandum of understanding also gives the Company the exclusivity to develop businesses in the region by using this satellite platform. The AsiaStar satellite located at the 105 degrees East orbital slot, with its associated L-band spectrum rights, is the only mobile satellite capable of covering the all of Asia, including the PRC, Japan, Korea, Southeast Asia, Indonesia, and India, and has been delivering audio, video and data services in the region. The capacity acquisition will give the Company a ubiquitous Asia-wide mobile platform to offer next generation media and internet services. As at 31 December 2014, the Group has paid a total amount of approximately US$5,159,000 (2013 : US$3,000,000) for the proposed acquisition of satellite and related assets.

11. TRADE AND OTHER RECEIVABLES

	2014 US$	2013 US$
Trade receivables	1,596,172	1,177,460
Other receivables and deposits	6,791	6,190
Prepayments	24,786	210,393
Total trade and other receivables	1,627,749	1,394,043

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

	2014 US$	2013 US$
0 - 30 days	894,368	465,235
31 - 60 days	625,740	432,264
61 - 90 days	11,864	112,464
91 - 120 days	64,200	167,497
	1,596,172	1,177,460

12. TRADE AND OTHER PAYABLES

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

	2014 US$	2013 US$
0 - 90 days	1,428,275	1,349,975
91 - 180 days	54,720	92,322
Over 180 days	571	571
	1,483,566	1,442,868
Accruals	584,225	359,767
Other payables	—	319,332
Total trade and other payables	2,067,791	2,121,967

13. CONVERTIBLE NOTES

On 14 September 2012, the Company issued Hong Kong dollar denominated convertible notes with a principal amount of approximately HK$45,786,000 (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.

On 31 July 2014, the Company completed the Rights Issue. Pursuant to terms and conditions of the Convertible Notes, the conversion price of and the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding Convertible Notes are adjusted because of Rights Issue to HK$0.274 and 167,100,715 shares, respectively.

The movement of the Convertible Note debt component and derivative components are shown as follows:

	Debt component US$	**Derivative components US$**	**Total US$**
At 31 December 2012	3,553,372	5,032,258	8,585,630
Effective interest expenses	780,119	—	780,119
Change in fair value of convertible notes	—	(2,517,131)	(2,517,131)
At 31 December 2013	4,333,491	2,515,127	6,848,618
Effective interest expenses	865,802	—	865,802
Change in fair value of convertible notes	—	(1,236,203)	(1,236,203)
At 31 December 2014	5,199,293	1,278,924	6,478,217

14. SHARE CAPITAL

	Number of shares	Nominal value HK$	Shown as US$
Authorised:			
Ordinary shares of HK$0.1 each as at 31 December 2013 and 31 December 2014	5,000,000,000	500,000,000	
Issued and fully paid:			
Ordinary shares of HK$0.1 each			
At 1 January 2013	639,729,788	63,972,978	8,254,578
Issue of new shares	220,445,957	22,044,597	2,844,464
At 31 December 2013	860,175,745	86,017,575	11,099,042
Issue of new shares (note i)	61,035,149	6,103,515	787,550
Rights issue (note ii)	1,842,421,788	184,242,179	23,773,185
Bonus issue (note ii)	921,210,894	92,121,089	11,886,592
Exercise of share options (note iii)	85,655,314	8,565,531	1,105,230
At 31 December 2014	3,770,498,890	377,049,889	48,651,599

Notes:

(i) On 3 March 2014, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 61,035,149 new shares for an aggregate consideration of approximately HK$15,869,000 at the subscription price of HK$0.260 per subscription share. The subscription was completed on 7 March 2014. The proceeds were used to provide additional working capital for the Company.

(ii) On 10 April 2014, the Company entered into an underwriting agreement with the subscribers pursuant to the Rights Issue on the basis of two Rights Shares for every one new share of the Company at the subscription price at HK$0.15 per Rights Share. It is also proposed to allot and issue new shares on the basis of one Bonus Share for every 2 Rights Shares taken up under the Rights Issue. On 31 July 2014, the Company issued 1,842,421,788 new shares pursuant to the Rights Issue and a total of 921,210,894 new shares has been issued pursuant to the Bonus Issue. Upon the Company's allotment and issue of the Rights Issue and Bonus Issue, (a) the exercise price of the share options and the number of shares to be allotted and issue upon exercise of the subscription rights attaching to the outstanding share options is adjusted pursuant to the terms of the Pre-Listing Share Option Scheme; and (b) the conversion price of and the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding Convertible Notes is adjusted pursuant to the terms and conditions of the Convertible Notes.

(iii) On 27 November 2014 and 19 December 2014, 75,431,207 and 10,224,107 share options has been exercised, respectively.

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

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL REVIEW

For the financial year ended 31 December 2014, the Group recorded loss for the year of approximately US$2,206,000, which includes loss for the year attributable to owners of the Company and non-controlling interests amounted to approximately US$1,978,000 and US$228,000 respectively. Loss per share was approximately US0.09 cents (2013: earnings per share of US0.02 cents) and net assets per share of the Group was approximately US1.43 cents (2013: US1.95 cents).

During the year ended 31 December 2014, the Group engaged in provision of China Mobile Multimedia Broadcasting ("CMMB") and agency services with revenue of approximately US$912,000 (2012: US$714,000). The increase in revenue of approximately US$198,000 or 28% was solely contributed by the provision of agency services from trading business.

Cost of sales mainly includes staff costs, operating lease payments and amortisation of intangible assets. The decrease in cost of sales of approximately US$70,000 or 11% was due to the reduction of amortisation of intangible assets of approximately US$306,000 and increase in staff costs for the year ended 31 December 2014.

Gross profits has further improved from approximately US$61,000 in year 2013 to approximately US$330,000 in year 2014, increased by 440% which was arisen from the change of gross loss in 2013 to gross profit in 2014 for the trading business.

Administrative expenses for the year ended 31 December 2014 increased by approximately 47% to approximately US$1,541,000 as compared to that of approximately US$1,051,000 for the year ended 31 December 2013 which was mainly due to the increase in staff costs and travelling expenses.

Other expenses for the year ended 31 December 2014 represents the share-based payment expenses to consultants amounted to approximately US$601,000 (2013: Nil) and legal and professional fees amounted to approximately US$648,000 (2013: US$903,000).

Gain from change in fair value of derivative components of convertible notes for the year ended 31 December 2014 amounted to approximately US$1,236,000 (2013: US$2,517,000) which was determined based on the fair value of its conversion option using a binominal model.

Finance costs of the Group for the year ended 31 December 2014 amounted to approximately US$866,000 (2013: US$819,000) which was mainly the effective interest expense on convertible notes.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group increased to approximately US$64,493,000 as at 31 December 2014 as compared with US$27,493,000 in 2013 which was mainly derived from the proceeds from share placing, right issues and exercise of share options during the year ended 31 December 2014. Current assets amounted to approximately US$11,764,000 (2013: US$2,271,000) comprising bank balances and cash of approximately US$10,137,000 (2013: US$877,000) and trade and other receivables of approximately US$1,628,000 (2013: US$1,394,000). Current liabilities amounted to approximately US$9,261,000 (2013: US$2,122,000) representing trade and other payables of approximately US$2,068,000 (2013: US$2,122,000), amount due to a related company of approximately US$687,000 (2013: Nil), tax payable of US$28,310 (2013: Nil) and convertible notes of approximately US$6,478,000 (2013: US$6,849,000 under non-current liabilities) which will be matured in September 2015 and therefore reclassified as current liabilities.

As at 31 December 2014, the Group's current ratio was 1.3 (2013: 1.1) and the gearing ratio (a ratio of total loans to total assets) was 10% (2013: 20%). Other than convertible notes, the Group did not have any bank and other borrowings as at 31 December 2014 (2013: Nil).

During the year ended 31 December 2014, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 61,035,149 new shares of the Company for an aggregate consideration of approximately HK$15,869,000 (equivalent to approximately US$2,048,000). The proceeds were used to provide additional working capital of the Group. In addition, the Company completed the right issue in the proportion of two right shares for every one new existing share of the Company at the subscription price of HK$0.15 per right share and bonus issue of one bonus share for every 2 right shares taken under the right issue, pursuant to which the Company issued 1,842,421,788 new shares under right issue and 921,210,894 new shares under bonus issue. The proceeds from right issue is used to finance the acquisition of spectrum networks in the United States, the Group's deployment of mobile digital network, the research and development in mobile multimedia technologies and the Group's working capital and general corporate purposes.

FOREIGN CURRENCY EXCHANGE RISK

Most of the Group's assets, liabilities and transactions are denominated in United States dollar. The Group did not make any other hedging arrangement in the two years ended 31 December 2014.

SEGMENTAL INFORMATION

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

EMPLOYEE BENEFITS

The average number of employees of the Group for the year ended 31 December 2014 was approximately 20 (2013: 20). The Group's staff costs (including Directors' fees and emoluments) for the year ended 31 December 2014 amounted to approximately US$871,000 (2013: US$237,000). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the year, the Company granted 76,767,574 share options at the exercise price of HK$0.137 per option share under the share option scheme of the Company adopted on 5 July 2005 to the consultants who are engaged to provide investment advisory services for the business development to the Group.

BUSINESS/OPERATION REVIEW

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

PROSPECTS

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest and the five largest customers of the Group accounted for approximately 65% and 100% of the Group's revenue, respectively.

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

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

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

The Company has complied with the requirements of the Code Provisions in the CG Code throughout the year ended 31 December 2014 except that the Company has been deviated from the Code Provision A.2.1 of the CG Code, as the roles of Chairman and chief executive officer of the Company were not separate. With effect from 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been re-designated as the Chairman and Mr. Wong also remains as the chief executive officer of the Company. According to the Code Provision A.2.1 of the CG Code, the roles of a chairman and a chief executive officer should be separate and should not be performed by the same individual. Given Mr. Wong has had extensive experience in the business of the Group and has performed satisfactorily since his joining of the Company in 2007, particularly in soliciting for possible new business opportunities and deducing the overall strategic plan for the future development of the Company, the Board considers that it would be beneficial to the Group if Mr. Wong is also in charge of overseeing the Company's operations as the Chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code for Securities Transactions by Directors of Listed Issues ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the year ended 31 December 2014 and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the code of conduct throughout the year ended 31 December 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2014.

REMUNERATION COMMITTEE

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

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year.

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

PUBLICATION OF RESULTS ANNOUNCEMENT

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

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

Hong Kong, 25 March 2015

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