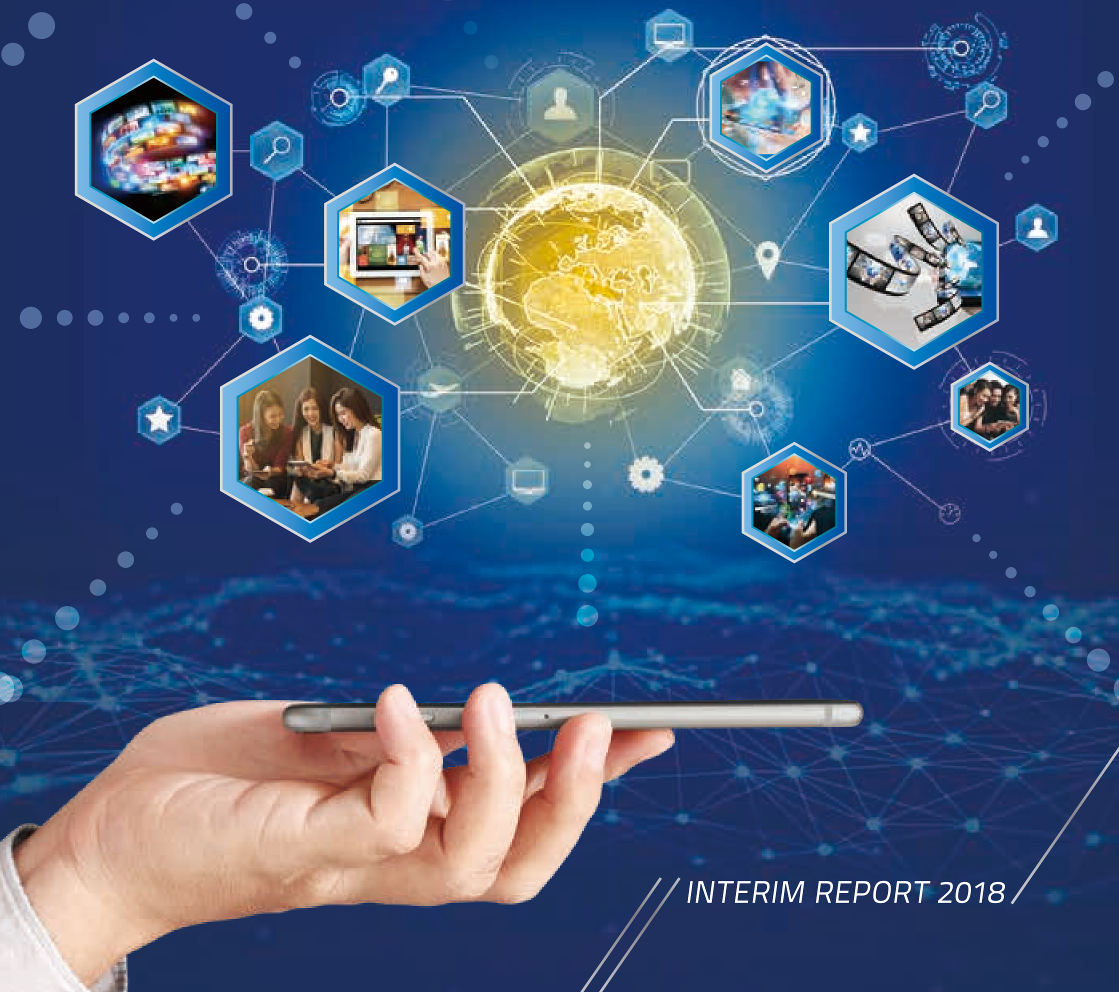
CMMB
VISION

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)



INTERIM REPORT 2018

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Chau Chi *(Chairman)*
Dr. LIU Hui *(Vice-chairman)*

Non-executive Directors

Mr. CHOU Tsan-Hsiung
Mr. YANG Yi

Independent Non-executive Directors

Mr. WANG Wei-Lin
Mr. LI Shan
Dr. LI Jun

MEMBERS OF AUDIT COMMITTEE

Mr. LI Shan *(Chairman)*
Mr. CHOU Tsan-Hsiung
Dr. LI Jun

MEMBERS OF REMUNERATION COMMITTEE

Mr. WANG Wei-Lin *(Chairman)*
Mr. CHOU Tsan-Hsiung
Mr. LI Shan
Dr. LI Jun

COMPANY SECRETARY

Ms. CHAN Pui Yee Janice

AUTHORISED REPRESENTATIVES

Mr. WONG Chau Chi
Ms. CHAN Pui Yee Janice

AUDITOR

HLM CPA Limited

LEGAL ADVISOR AS TO HONGKONG LAW

Luk & Partners, in Association with Morgan, Lewis & Bockius

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1211, Level 12, Core F, Cyberport 3
100 Cyberport Road, Hong Kong
Tel: +852 2159 3300
Fax: +852 2159 3399
mail: info@cmmbvision.com.hk
Website: www.cmmbvision.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M 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 (the "Company" or "CMMB Vision") is investment holding whilst its subsidiaries (together with the Company referred to as the "Group") are mainly engaged in provision of mobile multimedia and data services and trading of printed circuit board ("PCB") components.

After the restructuring and reorganization of our business from the manufacturing and assembly of PCBs in 2011, the Company started a long journey of transformation into the provision of mobile multimedia services targeting vehicles and mobile users based on the Company's proprietary Converged Mobile Multimedia Broadcasting ("CMMB") technology. Today, the Company is well on its way to be the leading next-generation mobile multimedia service provider in China, building the necessary infrastructure, ecosystem and market support.

The Group owns 12 UHF spectrum television ("TV") stations in key cities across the United States of America ("US"), including New York, Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa. The portfolio gives the Company a unique wireless spectrum network to deliver free-to-air digital media programming to a much larger audience. It also allowed the Company to hone its next-generation mobile broadcasting technology platform. Today, our technology platform has evolved into a suite of technology protocols and applications under the name Next-Generation Broadcasting – Wireless/Satellite ("NGB-W/S"). This technology integrates satellite, broadcasting and LTE capabilities to deliver Cloud-based multimedia and data services in the most efficient and scalable manner.

The Company acquired an effective management stake in Silkwave Asia Limited, a wholly-owned subsidiary of Silkwave Holdings Limited and integrated our technology with their satellite infrastructure, which together gave rise to a powerful satellite-LTE converged mobile delivery platform capable of unlimited download of data-free digital content from a satellite over a vast geography, complemented with the interactivity of terrestrial LTE. Such a platform gives the Company an unparalled capability to provide connected-car multimedia and data services to the world's largest vehicle market – China.

The Group continued to develop its mobile content server "TM-Box" solution, which will be embedded in vehicles and will be capable of receiving digital content seamlessly from satellite and LTE transmissions and re-transmit content to in-car mobile devices via WiFi.

To complete our end-to-end technology, the Group has developed a multimedia service user interface app "XingYun", which is downloaded by consumers onto their devices to interact with the TM-Box to receive a diverse range of multimedia services, including TV broadcasts, radio, on-demand videos, internet downloads, precision navigation, telematics, software updates, and other value-added services for connected-cars. Our services will be free of roaming and data charges and for use at anytime, anywhere.

The Group has also developed China-US research platforms with top research universities to continue development of technology and to stay ahead of future competition. These R&D platforms consist of: 1) a CMMB Vision – UW Joint Research Center on Satellite Multimedia and Connected Vehicles with the University of Washington Department of Electrical Engineering in Seattle, US; and 2) a Joint-Laboratory with the University of Electronic Science & Technology and Telematics Industry Applications Alliance ("TIAA") in China dedicated to satellite-LTE integrated multimedia services.

To demonstrate our product and service readiness, the Group hosted and participated in several exhibitions, including the 25th Annual China Content Broadcasting Network Exhibition held in Beijing and the New-Generation Satellite Mobile Multimedia Theme Day of the 36th National Conference on Telematics and Vehicle Digital Multimedia held in Sanya, Hainan. These events highlighted the extensive recognition and support from both the government and the industry for the Group's satellite connected-car multimedia development.

Putting all of our progress and development together, the Company has conducted a successful and comprehensive technical trial, which was participated by 400 concept-cars from 20 automotive original equipment manufacturer ("OEM") partners, accumulated over 1 million km and 80,000 hours in road tests, which were conducted across 16 cities and 14 provinces to validate our technologies, certify our network readiness, and prepare us for a soft commercial service launch later this year.

FINANCIAL REVIEW

The Group recorded a profit for the six months ended 30 June 2018 ("Period") of US$40,492,000 (six months ended 30 June 2017: loss for the period of US$3,277,000), and a basic profit per share was US1.67 cents (six months ended 30 June 2017: basic loss per share was US0.19 cents). As at 30 June 2018, the net assets per share attributable to owners of the Company was US10.3 cents (31 December 2017: US7.6 cents).

Revenue

For the Period, the Group was engaged in the provision of transmitting and broadcasting television programs and trading PCB materials, with revenue totalling US$2,828,000 (six months ended 30 June 2017: US$3,632,000). The decrease in revenue of US$804,000 or 22.1% was mainly due to a decrease in trading of PCB materials by US$988,000 and an increase in TV rental income of US$184,000.

Cost of sales

Cost of sales mainly includes costs of goods sold, staff costs and operating lease payments. The decrease in cost of sales of US$684,000 or 27.1% was due to a net decrease in costs of goods sold of US$599,000 and a decrease in operating lease payments of US$74,000 for the Period.

Gross profit

Gross profit decreased 10.8%, to US$992,000 in 2018, as compared with the corresponding period of last year, attributing to a decrease in gross profit from TV operation, a segment which carried a lower gross profit margin than the trading of PCB materials.

Administrative expenses

Administrative expenses for the Period increased by 8.8% to US$1,054,000, as compared to the same period in 2017 of US$969,000, mainly due to an increase in depreciation and general administrative expenses.

Market development and promotion expenses

Market development and promotion expenses increased by 11.5% to US$2,215,000 (six months ended 30 June 2017: US$1,986,000), primarily due to an increase in business development expense, business conferences and meeting expenses, and research and development costs.

Other expenses

Other expenses for the six months ended 30 June 2018 amounted to US$404,000 (six months ended 30 June 2017: US$311,000) and included listing fees, printing charges and corporate legal and professional fees for potential investments and acquisitions and corporate transactions.

Finance costs

Finance costs of the Group for the Period amounted to US$1,101,000 (six months ended 30 June 2017: US$1,123,000) which mainly represented the effective interest expense on convertible notes. The Group did not have any bank and other borrowings during the six months ended 30 June 2018.

Gain on redemption of convertible notes

2021 Convertible Notes in the principal amount of US$10,893,000 were redeemed at US$10,893,000 during the Period and, accordingly, a gain on redemption of the convertible notes of US$1,934,000 (six months ended 30 June 2017: nil) was recorded.

Impairment of assets

There was no impairment loss recognized on intangible assets for both periods as management of the Group determined that the intangible assets' recoverable amounts were higher than the carrying amounts of their cash generating units.

INTERIM DIVIDEND

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

LIQUIDITY AND FINANCIAL RESOURCES

The total equity attributable to the owners of the Company increased to US$270,916,000 as at 30 June 2018 as compared with US$172,110,000 as at 31 December 2017, mainly due to the recognition of an equity component on convertible notes of US$51,863,000 and a profit for the Period of US$40,492,000. Current assets amounting to US$11,352,000 (31 December 2017: US$19,259,000) is comprised of bank balances and cash of US$2,279,000 (31 December 2017: US$1,181,000), trade and other receivables of US$863,000 (31 December 2017: US$3,780,000) and amounts due from related companies of US$8,210,000 (31 December 2017: US$7,127,000). Current liabilities amounted to US$4,837,000 (31 December 2017: US$3,756,000), which represented trade and other payables of US$4,615,000 (31 December 2017: US$3,534,000) and tax payable of US$222,000 (31 December 2017: US$222,000). As at 30 June 2018, the Group's current ratio was 2.3 (31 December 2017: 5.1).

On 3 April 2018, the Company entered into subscription agreements with subscribers for the aggregate subscription of 375,000,000 new shares of the Company for an aggregate consideration of HK$90,000,000 (equivalent to approximately US$11,537,000) at a subscription price of HK$0.24 per subscription share. The subscription was completed on 12 April 2018. The proceeds from the shares issued is applied mainly to the development of the satellite business and financing the Group's working capital.

INDEBTEDNESS

Convertible notes of the Group as at 30 June 2018 amounted to US$53,717,000 (31 December 2017: US$16,145,000). The gearing ratio (a ratio of total loans to total assets) was 15% (31 December 2017: 7.3%), reflecting that the Group's financial position was still at a sound level. Other than the convertible notes, the Group did not have any bank borrowings as at 30 June 2018 (31 December 2017: nil).

As at 31 December 2017, the Group provided a guarantee for a related company in an aggregate amount of US$1,551,000 in respect of an equipment upgrade project. The guarantee was settled during the Period and there was no other contingent liabilities for the Group and the Company as at 30 June 2018.

CHARGE ON ASSETS

As at 30 June 2018, neither the Group nor the Company pledged any properties and assets (31 December 2017: nil).

OFF-BALANCE SHEET TRANSACTIONS

As at 30 June 2018, the Group did not enter into any material off-balance sheet transactions.

FOREIGN EXCHANGE EXPOSURE

For the Period, most assets, liabilities and transactions of the Group are denominated in US$. Management of the Group believes that foreign exchange risks do not significantly affect the Group, therefore, the Group did not make any hedging arrangement during the Period.

SEGMENT INFORMATION

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

EMPLOYEE BENEFITS

The average number of employees of the Group for the Period was approximately 30 (six months ended 30 June 2017: 30). The Group's staff costs (including Directors' fees and emoluments) for the Period amounted to US$668,000 (six months ended 30 June 2017: US$700,000). The Group offers a competitive remuneration package to retain elite employees, including salaries, medical insurance, discretionary bonuses, other fringe benefits as well as mandatory provident fund scheme for employees in Hong Kong. The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice.

The Group has also adopted a share option scheme for the purposes of providing incentives and rewards to eligible participants to recognise their contribution to the Group and enhancing their ownership spirits. During the Period, the Company has not granted any share options to Directors, employees and consultants of the Group under the share option scheme of the Company.

INVESTOR RELATIONS

The Group actively participates in meetings and conferences to maintain regular communications with financial analysts, fund managers and the investor community.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE MATERIAL INVESTMENT PLANS

During the Period, the Group did not have any material acquisition or disposal of subsidiaries and/or associates other than those announced on the website of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events occurred after the end of the reporting period.

PROSPECTS

The Group is progressing to become the world's first satellite-to-mobile Internet multimedia broadcaster. We deploy a geo-orbit L-band mobile broadcasting satellite network to deliver IP-based digital entertainment and data services to vehicles and mobile devices. Our network can also integrate with ground LTE networks with unprecedented efficiency and economies of scale. Our services include abundant live TV/radio channels, on-demand videos, real-time Internet downloads, big-data telematics, and government education and information, with no data charge, no data limit, is ubiquitous across lands and seas and capable of simultaneously supporting billions of users.

Through the acquisition of an equity stake along with management control in Silkwave Asia Limited, a wholly-owned subsidiary of Silkwave Holdings Limited, the Group effectively possesses a One-Belt-One-Road Asia satellite infrastructure which covers China, Southeast Asia, and India, totalling 4.4 billion in population. We are deploying connected-car multimedia in China, the world's largest auto and mobile market, where we have developed a vast and low-cost supply-chain ecosystem as well as government partnerships as a regulatory franchise to support our services. In particular, our partnership with telecom operators in China, has enabled us to develop a L-band satellite + 4G/LTE convergent network nationwide; our partnership with TIAA has enabled us to render the NGB-W/S network as the core national connected-cars data delivery network; and our TM-Box solution as an auto industry standard for in-car multimedia to be installed by OEMs in future Chinese cars.

Our operating model is to provide the TM-Box reference design to OEMs and connected device makers, who in turn will develop their own brand of TM-Box application to be installed into pre-factory vehicles to serve as the multimedia service interface. Our revenue model will rely on: (1) upfront service activation fees, followed by (2) subscription fees (3) advertising and (4) value-added services. Our goal is to become the largest in-car advertiser and media provider in China by coverage, users, number of ads, and revenue.

Parallel to our China deployment, we are leveraging our turnkey ecosystem solution and global satellite network to extend services to One-Belt-One-Road countries, such as Southeast Asia, India and Pakistan, covering over 3 billion people and 300 million vehicles. We are in discussions with regional partners on potential collaboration.

FUNDRAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS

Set out below is the fundraising activities of the Company during the past twelve months immediately prior to the date of this interim report:

Date of Announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this report
12 April 2018	Placing of 375,000,000 new shares under general mandate granted by the Shareholders at the AGM on 30 June 2017	Approximately US$11,537,000	General working capital for operation and business development of the Group	• Administrative and operations of US$644,000 • Partial repayment of convertible notes of US$10,893,000

Save as abovementioned, the Company had not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this interim report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2018, 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 Issuers ("Model Code") were as follows:

Ordinary shares

Name of Director	Name of corporation	Capacity/nature of interest	Total number of ordinary shares held	Approximate percentage of interest
Mr. Wong Chau Chi	The Company	Beneficial owner (Note)	601,442,000	22.9%

Note: These shares are registered under the name of Chi Capital Holdings Ltd ("Chi Capital"), a company wholly owned by Mr. Wong Chau Chi and he was the sole shareholder and director of Chi Capital; and Chi Capital Securities Limited, a wholly-owned subsidiary of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the shares held by Chi Capital and its subsidiary.

All the interests disclosed above represent long positions in the shares of the Company and the 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 2018 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SHARE OPTIONS

During the period ended 30 June 2018, the Company did not grant any share options to the Directors, employees and consultants who were engaged to provide investment advisory services on the Group's business development activities.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, the register of the Company's substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed 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 their 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**
Chi Capital Holdings Ltd	Beneficial owner (Note 2)	566,442,000 (L)	21.57%
Chi Capital Securities Limited	Beneficial owner (Note 2)	35,000,000 (L)	1.33%
Mr. Wong Chau Chi	Beneficial owner (Note 2)	601,442,000 (L)	22.90%

Notes:

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

2. These shares are registered under the name of Chi Capital, a company wholly owned by Mr. Wong Chau Chi and he was the sole shareholder and director of Chi Capital; and Chi Capital Securities Limited, a wholly-owned subsidiary of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the shares held by Chi Capital and its subsidiary.

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 2018.

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 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the Period and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

CODE ON CORPORATE GOVERNANCE

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

During the Period, the Company has fully complied with the requirements under the CG Code, except for the deviation from Code Provision A.2.1 of the CG Code. The Company had 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 separated. With effect on 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been appointed as the chairman of the Company while remaining 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 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 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.

AUDIT COMMITTEE

The Audit Committee (the "Audit Committee") 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 of Mr. Li Shan and Dr. Li Jun, both independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Mr. Li Shan is the chairman of the Audit Committee.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with management the accounting principles and policies, internal controls and financial reporting adopted by the Group, and the unaudited condensed consolidated financial statements for the Period. The members of the Audit Committee agreed with the accounting treatments adopted in the preparation of the condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the Period were approved by the Board on 22 August 2018.

For and on behalf of the Board
Wong Chau Chi
Chairman

Hong Kong, 22 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	NOTES	Six months ended 30 June 2018 US$'000 (unaudited)	 2017 US$'000 (unaudited)
Revenue	3	**2,828**	3,632
Cost of sales		**(1,836)**	(2,520)
Gross profit		**992**	1,112
Interest income		**1**	–
Administrative expenses		**(1,054)**	(969)
Market development and promotion expenses		**(2,215)**	(1,986)
Other expenses		**(404)**	(311)
Finance costs	4	**(1,101)**	(1,123)
Share of results of an associate		**(490)**	–
Gain on disposal of assets classified as held for sale	5	**42,829**	–
Gain on redemption of convertible notes		**1,934**	–
Profit (loss) before tax		**40,492**	(3,277)
Income tax expense	6	**–**	–
Profit (loss) for the period	7	**40,492**	(3,277)
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**114**	193
Total comprehensive income (expense) for the period		**40,606**	(3,084)
Profit (loss) for the period attributable to:			
– Owners of the Company		**40,455**	(3,532)
– Non-controlling interests		**37**	255
Profit (loss) for the period		**40,492**	(3,277)

	NOTES	Six months ended 30 June 2018 US$'000 (unaudited)	2017 US$'000 (unaudited)
Total comprehensive income (expense) attributable to:			
– Owners of the Company		**40,569**	(3,339)
– Non-controlling interests		**37**	255
Total comprehensive income (expense) for the period		**40,606**	(3,084)
		US cents	US cents
Earnings (loss) per share	9		
– Basic		**1.67**	(0.19)
– Diluted		**1.35**	(0.19)

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	NOTES	30 June 2018 US$'000 (unaudited)	31 December 2017 US$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**591**	698
Intangible assets		**106,588**	106,588
Deposits for acquisition of assets		**–**	94,000
Interest in an associate	10	**239,510**	–
		346,689	201,286
CURRENT ASSETS			
Trade and other receivables	11	**863**	3,780
Amounts due from related companies		**8,210**	7,127
Bank balances and cash		**2,279**	1,181
		11,352	12,088
Assets classified as held for sale		**–**	7,171
		11,352	19,259
CURRENT LIABILITIES			
Trade and other payables	12	**4,615**	3,534
Tax payable		**222**	222
		4,837	3,756
NET CURRENT ASSETS		**6,515**	15,503
TOTAL ASSETS LESS CURRENT LIABILITIES		**353,204**	216,789
NON-CURRENT LIABILITIES			
Convertible notes	13	**53,717**	16,145
NET ASSETS		**299,487**	200,644
CAPITAL AND RESERVES			
Share capital	14	**3,380**	2,900
Share premium and reserves		**267,536**	169,210
Equity attributable to owners of the Company		**270,916**	172,110
Non-controlling interests		**28,571**	28,534
TOTAL EQUITY		**299,487**	200,644

	Attributable to owners of the Company											
	Share capital US$'000	**Share premium** US$'000	**Merger reserve** US$'000	**Distribut-able reserve** US$'000	**Share options reserve** US$'000	**Capital reserve** US$'000	**Convertible note reserve** US$'000	**Exchange reserve** US$'000	**Accumulated profit (losses)** US$'000	**Sub-total** US$'000	**Non-controlling interests** US$'000	**Total** US$'000
As at 31 December 2017 (audited)	**2,900**	**18,957**	**31,987**	**129,757**	**–**	**2,110**	**11,144**	**(241)**	**(24,504)**	**172,110**	**28,534**	**200,644**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**40,455**	**40,455**	**37**	**40,492**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**114**	**–**	**114**	**–**	**114**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**114**	**40,455**	**40,569**	**37**	**40,606**
Issue of shares – placement	**480**	**11,057**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11,537**	**–**	**11,537**
Release upon redemption of convertible notes	**–**	**–**	**–**	**–**	**–**	**–**	**(5,163)**	**–**	**–**	**(5,163)**	**–**	**(5,163)**
Recognition of equity component of convertible notes	**–**	**–**	**–**	**–**	**–**	**–**	**51,863**	**–**	**–**	**51,863**	**–**	**51,863**
As at 30 June 2018 (unaudited)	**3,380**	**30,014**	**31,987**	**129,757**	**–**	**2,110**	**57,844**	**(127)**	**15,951**	**270,916**	**28,571**	**299,487**
As at 31 December 2016 (audited)	2,419	199	31,987	129,757	65	2,110	15,999	(36)	(17,947)	164,553	28,355	192,908
(Loss) profit for the period	–	–	–	–	–	–	–	–	(3,532)	(3,532)	255	(3,277)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	193	–	193	–	193
Total comprehensive income (expense) for the period	–	–	–	–	–	–	–	193	(3,532)	(3,339)	255	(3,084)
Release upon redemption of convertible notes							(3,150)	–	–	(3,150)	–	(3,150)
Lapse of share options	–	–	–	–	(65)	–	–	–	65	–	–	–
As at 30 June 2017 (unaudited)	2,419	199	31,987	129,757	–	2,110	12,849	157	(21,414)	158,064	28,610	186,674

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(1,673)**	(3,549)
Investing activities		
Purchase of property, plant and equipment	**(8)**	(152)
Deposits paid for acquisition of assets	**–**	(6,035)
Interest received	**1**	–
Net cash used in investing activities	**(7)**	(6,187)
Financing activities		
Proceeds from issue of shares	**11,537**	–
Increase in deposits received for share placement	**3,105**	15,982
Redemption of convertible notes	**(10,893)**	(7,700)
Advances to related companies	**(1,083)**	(1,059)
Interest paid	**(2)**	–
Net cash from financing activities	**2,664**	7,223
Net increase (decrease) in cash and cash equivalents	**984**	(2,513)
Cash and cash equivalents at beginning of the period	**1,181**	5,925
Effect of foreign exchange rate changes	**114**	195
Cash and cash equivalents at end of the period	**2,279**	3,607

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 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").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017 ("2017 Annual Report").

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standard ("HKFRSs") issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

3. REVENUE AND SEGMENT INFORMATION

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

1. CMMB business – Transmitting and broadcasting television ("TV") programs.

2. Trading business – Trading printed circuit board ("PCB") materials.

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

Six months ended 30 June 2018

	CMMB business US$'000 (unaudited)	Trading business US$'000 (unaudited)	Total US$'000 (unaudited)
Segment revenue	**1,809**	**1,019**	**2,828**
Segment profit (loss)	**218**	**(2)**	**216**
Market development and promotion expenses	**(2,215)**	**–**	**(2,215)**
Gain on disposal of assets classified as held for sale	**42,829**	**–**	**42,829**
Interest income			**1**
Unallocated expenses			**(339)**
Profit for the period			**40,492**

3. REVENUE AND SEGMENT INFORMATION (Continued)

Six months ended 30 June 2017

	CMMB business US$'000 (unaudited)	Trading business US$'000 (unaudited)	Total US$'000 (unaudited)
Segment revenue	1,625	2,007	3,632
Segment loss	(202)	(88)	(290)
Market development and promotion expenses	(1,986)	–	(1,986)
Unallocated expenses			(1,001)
Loss for the period			(3,277)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) from each segment without allocation of interest income, market development and promotion expenses, gain on disposal of assets classified as held for sale and central administration expenses. This is the measure reported to the executive directors for the purpose of resource allocation and performance assessment.

Revenue from major products and services

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

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Transmission and broadcasting of television programs	**1,809**	1,625
Trading of PCB materials	**1,019**	2,007
	2,828	3,632

4. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Effective interest expense on convertible notes	**1,099**	1,122
Bank interest expense	**2**	1
	1,101	1,123

5. ACQUISITION OF INTEREST IN AN ASSOCIATE AND DISPOSAL OF ASSETS CLASSIFIED AS HELD FOR SALE

On 31 October 2016, the Company entered into a sales and purchase agreement with Chi Capital Holdings Ltd ("Chi Capital"), for the acquisition of 20% equity interest in Silkwave Asia Limited ("Acquisition"), a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of Silkwave Holdings Limited with a call option to acquire an additional 31% equity interest in Silkwave Asia Limited ("Call Option"). The consideration for the Acquisition was US$240 million, which was satisfied by (i) cash payment of US$94 million; (ii) issuance of convertible notes maturing on 28 May 2025 at the initial conversion price of HK$0.4 with a principal amount of US$96 million and (iii) equity contribution of US$50 million, being the disposal and transfer of the Company's 49% equity interest in Global Vision Media Technology Co. Ltd ("Global Vision") into Silkwave Asia Limited (the "Disposal"). The Acquisition and the Disposal was completed on 29 May 2018.

Silkwave Asia Limited is the only direct subsidiary of Silkwave Holdings Limited which ultimately holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and operational capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming. The purpose of the Acquisition and the Disposal was to combine the valuable assets of Silkwave Asia with the Company's resources, such as its CMMB multimedia technologies, a Chinese satellite broadcasting service platform, and the recent breakthrough developments to create a full-fledged Silkwave platform, which now has the necessary operational capabilities to start deploying mobile multimedia entertainment and data services capable of supporting for billions of vehicles and mobile users across China and, eventually, One-Belt-One-Road Asia, and to maintain the Company's position as a key shareholder of Silkwave Asia Limited.

5. ACQUISITION OF INTEREST IN AN ASSOCIATE AND DISPOSAL OF ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Silkwave Holdings Limited is an investment holding company and owns a 100% equity interest in Silkwave Asia Limited before the completion of the Acquisition and does not have any other business operation.

The Call Option represents an option for the Company to acquire additional equity interests in Silkwave Asia Limited from Chi Capital within the next 7 years since the completion, resulting in an equity interest of up to 51%. The exercise price of the Call Option of US$500 million is determined assuming that there would not be any early exercise of the Call Option as it will only become effective when Silkwave Asia Limited generates an EBITDA of US$200 million based on the audited report in any given year during the seven-year period of the Call Option. As at 29 May 2018 and 30 June 2018, the Call Option's fair value was minimal.

As at the date of completion of the Acquisition, all of the conditions precedent to the sale and purchase agreement have been satisfied except for condition (iv), where the relevant broadcasting licences and uplink permit or equivalent approvals issued by the relevant Authority in China have yet to be obtained. To avoid disruption of the business plan, the Company has waived this condition precedent (iv). As at the date of this report, the relevant broadcasting licenses, permits and/or approvals have yet to be obtained. The Company has not encountered any significant difficulties or legal or regulatory impediments in obtaining the required licenses, permits and/or approvals.

Considerations transferred:

	US$'000 (unaudited)
Deposits paid for the Acquisition in prior years	94,000
Convertible notes issued	96,000
Fair value of 49% equity interest in Global Vision transferred to Silkwave Asia Limited	50,000
	240,000
Less: 31% Call Option granted to the Company	–
Total consideration transferred in exchange for a 20% equity interest in Silkwave Asia Limited	240,000

5. ACQUISITION OF INTEREST IN AN ASSOCIATE AND DISPOSAL OF ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Gain on disposal of assets classified as held for sale:

	US$'000 (unaudited)
Fair value of 49% equity interest in Global Vision	50,000
Less: Assets classified as held for sale	(7,171)
Gain on disposal of assets classified as held for sale, included in profit or loss for the period	42,829

Costs amounting to approximately US$197,000 have been excluded from the cost of acquisition and recognized as administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2016 and 2017.

6. TAXATION

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

Taxation in the United State of America ("USA") was charged at 38% for both periods. No provision for Federal Income Tax and State and Local Income Tax has been made as the Group has tax losses brought forward from previous years which are available for set off against the assessable profits for both periods.

Under the laws of the People's Republic of China (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 was 25% for both periods. No provision for PRC income tax has been made in the condensed consolidated financial statements as all of the PRC subsidiaries did not have any taxable income for both periods.

7. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Staff costs, including Directors' remuneration and retirement benefits scheme contributions	**668**	700
Depreciation of property, plant and equipment	**115**	68
Included in other expenses:		
Legal and professional fees	**50**	208
Exchange loss	**198**	55
Consultancy service fees	**20**	613
Research and development costs	**–**	750

8. DIVIDENDS

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

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributed to the owners of the Company was based on the following data:

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Profit (loss)		
Profit (loss) for the period attributable to the owners of the Company for the purposes of basic earnings (loss) per share	**40,455**	(3,532)
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**1,099**	N/A
– Gain on redemption of convertible notes	**(1,934)**	N/A
Profit (loss) for the period attributable to the owners of the Company for the purposes of diluted earnings (loss) per share	**39,620**	(3,532)

9. EARNINGS (LOSS) PER SHARE (Continued)

	Six months ended 30 June 2018	2017
Number of shares		
Number of ordinary shares for the purposes of basic earnings (loss) per share	**2,416,856,656**	1,875,960,800
Effect of dilutive potential ordinary shares:		
– Convertible notes	**521,991,591**	N/A
Number of ordinary shares for the purposes of diluted earnings (loss) per share	**2,938,848,247**	1,875,960,800

An adjustment has been made to the basic earnings per share amount for the six months ended 30 June 2018 in respect of a dilution because the diluted earnings per share amount decreased when taking into account the convertible notes. The computation of diluted loss per share for the six months ended 30 June 2017 did not assumed the conversion of the convertible notes of the Company as the assumed convertible notes would result in a decrease in loss per share.

10. INTEREST IN AN ASSOCIATE

	30 June 2018 US$'000 (unaudited)	31 December 2017 US$'000 (audited)
Unlisted investment in an associate (Note 5)	**240,000**	–
Share of result of an associate	**(490)**	–
	239,510	–

Details of the Group's associate as at 30 June 2018 was as follows:

Name of associate	Country of registration and principal of operation	Paid up registration capital	Attributable equity interest held by the Group	Principal activity
Silkwave Asia Limited	Cayman Islands/ Hong Kong	US$1,000	20%	Investment holding

11. TRADE AND OTHER RECEIVABLES

The Group generally allowed for credit periods between 60 to 120 days to its customers of the CMMB Business and the Trading Business. As at 30 June 2018, the trade receivables were due from a customer under the Trading Business (31 December 2017: one) and two customers under CMMB business (31 December 2017: two).

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

	30 June 2018 US$'000 (unaudited)	31 December 2017 US$'000 (audited)
Trade receivables:		
0 – 30 days	**639**	508
31 – 60 days	**141**	702
61 – 90 days	**–**	504
Over 90 days	**–**	204
	780	1,918
Other receivables and deposits	**71**	1,838
Prepayments	**12**	24
	863	3,780

12. TRADE AND OTHER PAYABLES

The average credit period granted by its suppliers was 60 days.

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

	30 June 2018 US$'000 (unaudited)	31 December 2017 US$'000 (audited)
Trade payables		
0 – 90 days	**809**	1,237
91 – 180 days	**139**	–
	948	1,237
Accruals	**437**	721
Provisions for financial guarantee liability	**–**	1,499
Other payables	**3,230**	77
	4,615	3,534

13. CONVERTIBLE NOTES

As stated in note 5, on 29 May 2018, the Company issued US dollar denominated convertible notes with a principal amount of US$96,000,000 ("2025 Convertible Notes") to Chi Capital as part of the consideration for the acquisition of 20% equity interest in Silkwave Asia Limited. The maturity date of the 2025 Convertible Notes is 28 May 2025 ("2025 CN Maturity Date") which is 7 years from the date of issue of the 2025 Convertible Notes. The 2025 Convertible Notes are non-interest bearing and mature on 2025 CN maturity date at the principal amount. The 2025 Convertible Notes are convertible into shares at any time after the issuance and up to, but excluding, 5 business days prior to the 2025 CN Maturity Date at the conversion price of HK$0.4 each share, subject to anti-dilutive adjustments. The initial number of ordinary shares of the Company issuable upon conversion is 1,862,400,000 shares, which represents 41.5% of the total number of ordinary shares of the Company issued and outstanding as of the issue date of the 2025 Convertible Notes on a fully diluted basis.

13. CONVERTIBLE NOTES (Continued)

The 2025 Convertible Notes contain debt and equity components. The equity component is classified as equity instruments as it will be settled by an exchange of a fixed amount of cash for a mixed number of the Company's own equity instruments on the basis that the 2025 Convertible Notes are denominated in US dollar, a functional currency of the Company. The Hong Kong dollar equivalent of the principal amount of the 2025 Convertible Notes being converted shall be calculated by using the fixed exchange rate of HK$7.76 per US$1.00.

On initial recognition, the debt component was recognized at fair value, calculated based on the present value of the principal amount over the expected life of the 2025 Convertible Notes. In subsequent periods, the debt component was carried at amortized cost using the effective interest method. The effective interest rate of the debt component is 11.41% per annum. The residual amount is assigned as the equity component and is included in the convertible note equity reserve which will not be subsequently remeasured.

During the Period, the Company has partially redeemed the 2021 Convertible Notes with a principal amount of US$10,893,000 at the redemption amount of US$10,893,000.

The movement of the liability component of the 2021 Convertible Notes and 2025 Convertible Notes for the six months ended 30 June 2018 are as follows:

	2021 Convertible Notes	**2025 Convertible Notes**	**Total**
	US$'000	US$'000	US$'000
At 31 December 2017 (audited)	16,145	–	16,145
Fair value on issue	–	44,137	44,137
Effective interest expenses	657	442	1,099
Redemption during the Period	(7,664)	–	(7,664)
At 30 June 2018 (unaudited)	9,138	44,579	53,717

14. SHARE CAPITAL

On 3 April 2018, the Company entered into subscription agreements with subscribers for the aggregate subscription of 375,000,000 new shares for an aggregate consideration of HK$90,000,000 (approximately US$11,537,000) at the subscription price of HK$0.24 per subscription share. The subscription was completed on 12 April 2018. The proceeds were used to provide general working capital for the Company.

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

15. CAPITAL COMMITMENTS

	30 June 2018 US$'000 (unaudited)	31 December 2017 US$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of 20% equity interest in Silkwave Asia Limited	–	146,000
	–	146,000