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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2018

References is made to the annual report of CMMB Vision Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2018 (the “**Annual Report**”). Unless otherwise stated, terms defined in the Annual Report shall have the same meanings when used in this announcement.

Pursuant to paragraph 11(8) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) regarding the change in the use of proceeds from the Company’s equity fundraising activities conducted during the past 12 months, the board of directors of the Company (the “**Board**”) would like to supplement the section headed “**Management Discussion and Analysis – FUNDRAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS**” on page 13 of the Annual Report with the following information.

Reasons for the change in use of proceeds in connection with the share placements announced on 3 April 2018, 11 September 2018 and 11 January 2019 (the “Placements”)

As disclosed in the Annual Report, the intended uses of the net proceeds on each of the Placements were for working capital and business development purposes, and the actual uses of these net proceeds were to pay for the Group’s administrative and operating expenses and to partially repay convertible notes issued by the Company (the “**Convertible Notes**”).

The Directors were concerned about the Company’s financial condition as the Company’s adjusted gearing ratio (total loans to total assets, excluding interests in an associate) was up to 45.8% in 2018 and that such a high gearing ratio would have a negative impact on the Company’s ability to raise additional funds. Pursuant to the terms and conditions of the Convertible Notes, the Company may, at any time prior to the maturity date, repay the whole or a part of the outstanding principal on the Convertible Notes together with the outstanding interest accrued thereon. Such right to repay provided the Company with the flexibility to lower the principal amount of the Convertible Notes when the Company deems it as appropriate.

As the conversion prices of the 2021 Convertible Notes was HK\$1.00 per conversion share, representing more than 5 times of the average price of the Company's shares during the year ended 31 December 2018, the Directors considered that it was highly unlikely that these Convertible Notes would be settled by conversion. The Directors also noted that the total outstanding principal amounts of the Convertible Notes were substantially greater than the Group's cash flow from operating activities currently, and therefore it would be unlikely that the Company would be able to repay the Convertible Notes when they fall due without seeking external financing. In order to avoid the risk of not being able to secure external financing to repay the Convertible Notes when they fall due, the Directors considered it is prudent to gradually repay the Convertible Notes over a period of time ahead of their respective due dates to the extent that its working capital would still be sufficient to support the Group's operations and business development after such repayments. While the repayments of the Convertible Notes were carried out to avoid, among other things, a sudden and drastic depletion of the Group's working capital when the Convertible Notes eventually fall due.

In addition, the Directors have received feedback from the investment community that given that the Convertible Notes were not likely to be converted, they represented a significant source of risks of the Company's long-term financial well-being, which deterred potential investors in making strategic investments into the Company.

Accordingly, the Directors reallocated certain net proceeds from the Placements to partially and gradually repay the Convertible Notes. The Directors considered the above changes in the use of net proceeds are fair and reasonable as the reallocation would allow the Company to deploy its financial resources more effectively to capture more fundraising opportunities (via either debt, equity or a combination of both) and are therefore in the interests of the Group and the Shareholders as a whole. The Board is of the view that the reallocation is in line with the business strategy of the Group and will not adversely affect the operations and business of the Group. The Directors will continue to assess the business objectives of the use of net proceeds and may revise or amend such plans to cope with changing market conditions as necessary.

The supplementary information provided in this announcement does not affect other information contained in the Annual Report and, save as disclosed above, the contents of the Annual Report remain unchanged.

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

Hong Kong, 8 November 2019

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