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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)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE;**
- (2) CLOSURE OF REGISTER OF MEMBERS;**
- (3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

**RIGHTS ISSUE**

The Company proposed to raise gross proceeds of approximately HK\$61 million before expenses by way of issue of 94,539,985 new Shares pursuant to the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.65 per Rights Share. The estimated net proceeds from the Rights Issue after deducting related expenses will be approximately HK\$60 million, assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Share Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by not later than 4:30 p.m. on 10 February 2020. It is expected that the last day of dealings in Shares on a cum-rights basis is 6 February 2020 and Shares will be dealt with on an ex-rights basis from 7 February 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 11 February 2020 to Monday, 17 February 2020 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A of the Listing Rules, as the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at a general meeting by way of poll.

The Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

## **GENERAL**

The Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on or before Tuesday, 18 February 2020. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**It is expected that Shares will be dealt with on an ex-rights basis from 7 February 2020 and Rights Shares will be dealt with in their nil-paid form from 20 February 2020 to 27 February 2020.**

**Any buying or selling of Shares or Rights Shares between the date of this announcement and the date the Rights Issue becomes unconditional is at an investor's own risk.**

**Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in Shares and nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers. Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## PROPOSED RIGHTS ISSUE

The Company proposed to raise gross proceeds of approximately HK\$61 million before expenses on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date by issuing 94,539,985 new Shares at the Subscription Price of HK\$0.65 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date).

The Rights Issue is not underwritten. Further details of the Rights Issue are set out below.

### Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) Shares at the close of business on the Record Date
Subscription Price	:	HK\$0.65 per Rights Share
Number of Shares in issue as at the date of this announcement	:	189,079,970 Shares
Number of Rights Shares	:	94,539,985 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date and full subscription under the Rights Issue)
Number of Shares in Issue upon completion of the Rights Issue	:	283,619,955 Shares (assuming no change in the number of issued Shares on or before the Record Date and full subscription under the Rights Issue)
Amount to be raised	:	Approximately HK\$61 million before expenses

As at the date of this announcement, save as (i) the Share Options granted under the Share Option Scheme of the Company entitling the holders to subscribe for a total of 2,747,844 Shares upon full exercise of such options; and (ii) the Convertible Notes issued by the Company to Chi Capital which will require the Company to allot and issue 84,390,000 Shares upon conversion in full, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

Assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the Rights Shares to be issued pursuant to the terms of the Rights Issue to be issued together represent 50% of the existing issued share capital of the Company and 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

**The Rights Issue is not fully underwritten. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.**

**In the event the Rights Issue is undersubscribed, any Rights Shares not taken up will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents, each duly certified by the Directors (or by their agents duly authorised in writing) on or before Posting Date in compliance with the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rule;
- (ii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Excluded Shareholders, if any, for information purpose only; and
- (iii) the Listing Committee of the Stock Exchange agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before 4:00 p.m. on 4 March 2020, the Rights Issue will not proceed.

## **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 11 February 2020 to Monday, 17 February 2020 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of any issued Shares of the Company will be registered during this period.

## **Subscription Price**

The subscription price of HK\$0.65 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 5.80% to the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on 3 February 2020, being the date of this announcement;
- (ii) a discount of approximately 12.87% to the average closing price of HK\$0.746 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 31 January 2020;
- (iii) a discount of approximately 8.96% to the theoretical ex-rights price of approximately HK\$0.714 per Share based on the average closing price of HK\$0.746 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 31 January 2020;

(iv) a discount of approximately 93.18% to the consolidated net asset value per Share of approximately HK\$10.261 (based on the consolidated net asset value of the Company as at 30 June 2019 of approximately US\$249,709,000 and the number of issued Shares, which is 189,079,970).

The Board has observed the deep discount mentioned in (iv) above. Nevertheless, taking into account the fact that the Shares were traded at a discount to the net asset value per Share over the 12-month period up to and including the Last Trading Day ranging from approximately 77.00% to 93.96%, with an average of approximately 88.55%, the Board is of the view that the net asset value per Share may not be a meaningful reference to determine the Subscription Price.

The Subscription Price was determined with reference to the recent market prices of the Shares and market conditions. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to the relevant shareholding in the Company held on the Record Date. The Directors consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.639.

### **Status of the Rights Shares**

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of the allotment of the Rights Shares in their fully-paid forms.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Share Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by not later than 4:30 p.m. on Monday, 10 February 2020. It is expected that the last day of dealings in Shares on a cum-rights basis is Thursday, 6 February 2020 and Shares will be dealt with on an ex-rights basis from Friday, 7 February 2020.

The Qualifying Shareholders who take up their pro rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

The Company will post on the Posting Date copies of the Prospectus Documents to the Qualifying Shareholders.

## **Excluded Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. There were a total of eleven (11) Overseas Shareholders located in the PRC, Taiwan, the United States of America and the British Virgin Islands as at 31 December 2019. The Company will make enquiries in compliance with the Listing Rules. If the Directors, based on results of such enquiries made, consider that it is necessary or expedient to exclude such Overseas Shareholders from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside, the Rights Issue will not be available to such Overseas Shareholders. The results of the enquiries and the basis of any exclusion of the Overseas Shareholders will be included in the Prospectus.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest dollar) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for subscription by independent third party placees under the Placing Arrangement.

Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Bookrunner under the Placing Arrangement together with the Unsubscribed Rights Shares.

The proceeds of the sales as described above, less expenses and in the case of being sold by the Bookrunner, also less the Subscription Price, will be paid pro rata (but rounded down to the nearest dollar) to the relevant Excluded Shareholders to their shareholdings held on the Record Date in Hong Kong dollars, in the case of being sold by the Bookrunner, to be pro rata together with the No Action Shareholders on the basis of all NQS Unsold Rights Shares and Unsubscribed Rights Shares.

For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

## **Fractional entitlement to the Rights Shares**

Based on the register of members of the Company as at the date of this announcement, the amount of fractional entitlements to Rights Shares is not expected to be material. Accordingly, the Company will not arrange to separately sell Rights Share arising from aggregation of such fractional entitlements to avoid incurring additional transaction cost. The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

## Placing Arrangement

In order to maximize the funds to be raised from the Rights Issue by maximizing subscription for the Rights Shares, the Company entered into the Placing Agreement with the Bookrunner and appointed the Bookrunner to place the Untaken Shares to independent places on a best effort basis after the number of Untaken Shares that are subject to the Placing Arrangement has been announced.

Pursuant to the Rights Issue, Rights Shares will first be allocated to Qualifying Shareholders who have applied for Rights Shares pursuant to the PALs. Any (i) Rights Shares which have not been taken up by the Qualifying Shareholders through the PALs, and (ii) Rights Shares which would otherwise have been allotted to the Excluded Shareholders and the nil-paid form of which have not been sold by the Company, will constitute Untaken Shares and will be available for placing to independent places by the Bookrunner pursuant to the Placing Arrangement. The particulars of the Placing Agreement are set out in the section headed “Placing Agreement” in this announcement. Any premium over, the aggregate amount of (i) the Subscription Price for those Untaken Shares placed by the Bookrunner; and (ii) the expenses of the Bookrunner (including any other related expenses/fees), that is realised (the “**Net Gain**”) will be paid (without interest) on pro rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest dollar) as set out below (the “**Compensatory Arrangement**”):

- A. where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (C) below);
- B. where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (C) below);
- C. if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

Any Untaken Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

It is proposed that Net Gain to any No Action Shareholder or Excluded Shareholder of HK\$100 or more will be paid to them in Hong Kong Dollars (rounded down to the nearest dollar) only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

## The Placing Agreement

On 3 February 2020 (after trading hours), the Company and the Bookrunner entered into a placing agreement (the “**Placing Agreement**”), pursuant to which the Bookrunner has conditionally agreed to procure independent placees, on a best effort basis, to place the Untaken Shares. Details of the placing arrangement are as follows:

- Date: 3 February 2020
- Bookrunner: KGI Asia Limited was appointed as a bookrunner to place the Untaken Shares on a best effort basis.
- The Bookrunner confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company.
- Fees and expenses: A fixed fee of HK\$150,000 and reimbursed for the expenses in relation to the placing (including but not limited to all out-of-pocket expenses actually incurred by the Bookrunner for placing the Untaken Shares), which the Bookrunner is authorized to deduct from the payment to be made by the Bookrunner to the Company at the Placing Completion Date.
- Placing price of the Untaken Shares: The placing price of the Untaken Shares shall be no less than the Subscription Price.
- The final price determination is depended on the demand and market conditions of the Untaken Shares during the process of placement.
- Placees: The Untaken Shares are expected to be placed to placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.
- Ranking of the Untaken Shares: The Untaken Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue as at the date of the completion of the Placing Arrangement.
- Termination: The Bookrunner may terminate the Placing Agreement without any liability to the Company, by notice in writing given by the Bookrunner to the Company at any time prior to 4:00 p.m. on 4 March 2020 (or such other date as the Company and the Bookrunner may agree in writing) (“**Latest Time for Termination**”) upon the occurrence of the following events which, in the absolute opinion of the Bookrunner, has or may have an adverse material effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the



Placing on the terms and in the manner contemplated in the Placing Agreement:

- (i) there develops, occurs or comes into force:
  - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
  - (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (c) any change in conditions of local, national or international securities markets occurs; or
  - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
  - (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
  - (f) any litigation or claim being instigated against any member of the Group which would have a material adverse effect of the Group; or
  - (g) any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days; or
  - (h) any event of force majeure (being an event beyond the control of the Parties), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the

contractual obligations of the Parties hereunder;

- (ii) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Bookrunner or any event occurs or any matter arises on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;  
or
- (iii) there is any material adverse change in the financial or business or trading position of the Group taken as a whole;  
or
- (iv) there may or will be likely that the Untaken Shares will not be approved by the relevant regulatory bodies and/or regulatory authorities.

Conditions Precedent:

The Placing Arrangement is conditional upon the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (ii) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Posting Date;
- (iv) the representations, warranties and undertakings given by the Company under the Placing Agreement being true, accurate and not misleading in all material respects on and as of the date of the Placing Agreement and at any time before the Latest Time for Termination
- (v) the Irrevocable Undertaking having been duly executed by Chi Capital and delivered to the Bookrunner upon signing of the Placing Agreement and the compliance with and

performance of all the undertakings and obligations of Chi Capital under the Irrevocable Undertaking;

- (vi) the Placing Agreement not being terminated on or before the Latest Time for Termination.

The conditions precedent set out in paragraphs (i) to (vi) above are incapable of being waived by the Bookrunner and/or the Company.

If the conditions precedent set out in above paragraphs are not satisfied (or, if applicable, waived in whole or in part by the Bookrunner) on or prior to the Business Day immediately preceding the Placing Completion Date or such later date as may be agreed between the Company and the Bookrunner and approved by the Stock Exchange, the Placing Agreement shall terminate and none of the parties shall have any claim against another for costs, damages, compensation or otherwise save in respect of any antecedent breaches of the Placing Agreement.

Completion of the Placing: 11 March 2020 or such other date as the Company and the Bookrunner may agree in writing (the “**Placing Completion Date**”).

The engagement between the Company and the Bookrunner of the Untaken Shares was determined after arm’s length negotiation between the Bookrunner and the Company and is on normal commercial terms. In particular, the Directors, taking into account the range of placing fees for rights issues conducted by issuers listed on the Stock Exchange between March 2019 and December 2019, consider that the terms of Placing Agreement, including the placing fee, are normal commercial terms.

Given that the Placing Arrangement would provide (i) a distribution channel of the Untaken Shares and (ii) a compensatory mechanism for the No Action Shareholders and Excluded Shareholders, the Directors considers that the Placing Arrangement is fair and reasonable and in the interest of the Company and its shareholders as a whole.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Untaken Shares will be placed to independent placees under the Placing Arrangement. Any Untaken Shares remain not placed under the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Rights Issue is conditional upon the conditions set out in the section headed “Conditions of the Rights Issue” in this announcement. As the proposed Rights Issue is subject to conditions, it may or may not proceed. There is no minimum amount to be raised under the Rights Issue in order for the Rights Issue to proceed.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares and Share Options under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

### **Odd lot matching services**

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange the odd lots matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Rights Shares. Details of the odd lot arrangement will be set out in the Prospectus to be despatched to the Shareholders in respect of, among others, the Rights Issue.

### **Application for Listing of the Right Shares**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 4,000 Shares in one board lot.

It is expected that the Rights Shares will be dealt with in their nil-paid form from 20 February 2020 to 27 February 2020. Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

### **Share certificates for the Rights Issue and refund cheques**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by 11 March 2020, by ordinary post, at their own risk, to their registered addresses.

## **Irrevocable Undertaking from Chi Capital**

As at the date of this announcement, Chi Capital, which was interested in 39,003,500 Shares representing approximately 20.63% of the existing issued Shares, has irrevocably undertaken to the Company:

- (a) to subscribe or procure the subscription of the 19,501,750 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Chi Capital pursuant to the terms of the Rights Issue;
- (b) that the Rights Shares referred to in paragraph (a) above will remain registered in the name of Chi Capital at the close of business on the Record Date as they are on the date hereof;
- (c) to procure that the acceptances in full in respect of the aforesaid Rights Shares provisionally allotted to Chi Capital and/or its nominees shall be lodged with the Share Registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier's order or such other form as the Company may approve), by no later than 4:00 p.m. on the Acceptance Date or such later date as the Company may agree;
- (d) that Chi Capital shall not, and shall procure that (so far as reasonably possible) companies controlled by Chi Capital do not, dispose of or transfer any Shares, or any interests therein from the date hereof up to and including two Business Days after the Acceptance Date; and
- (e) that Chi Capital shall not convert the whole nor any part of the Convertible Notes into Shares at any time prior to the completion of the Rights Issue.

In the event that Chi Capital should fail to comply with the undertakings given above, Chi Capital irrevocably authorise the Company in its discretion to treat this undertaking as Chi Capital's acceptance of such of the Rights Shares provisionally allotted to Chi Capital on the terms of the Prospectus Documents (save as regards the time for acceptance and payment), to allot and issue the same in the name of Chi Capital and to procure the registration of the same in the name of Chi Capital.

Based on the Irrevocable Undertaking of Chi Capital, the number of Rights Shares to be taken up by Chi Capital will be subject to the aggregate shareholding of Chi Capital and parties acting in concert with it not exceeding 29.99% of the total issued share capital of the Company immediately after completion of the Rights Issue.

## **Fund raising methods comparison**

The Board has considered other alternative means of fund raising, such as debt financing/bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Company has approached commercial banks, but was unable to obtain any debt financing at terms acceptable to the Company due to the fact that (i) the commercial banks are not willing to finance the proposed business plans, including but not limited to margin financing; and (ii) other than the intangible assets and interests in an associate, the Group does not have any other significant assets as collaterals to obtain bank loans. Also, debt financing is not desirable at this stage as the expected finance costs for such substantial sum are high and additional borrowings will deteriorate the gearing position of the Group. The Company has also attempted to conduct

equity fund raising by way of placement and/or subscription. However, through the agents appointed by the Company for such fund raising, the feedback from the investment community indicated that external investors were not receptive to equity fund raising which might be conducted by the Company at the prevailing market price of its shares.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro rata shareholding through their participation in the Rights Issue and the Qualifying Shareholders will also be entitled to enjoy the discount offered in the Rights Issue in priority to external investors. The Rights Issue allows the Qualifying Shareholders to reduce their respective interests in the shareholding of the Company by disposing their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

### Shareholding Structure of the Company

Set out below is the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue under various scenarios:

Assuming no further issue of new Shares on or before the Record Date:

	(i) As at the date of this announcement		(ii) Immediately upon completion of the Rights Issue			
	<i>No. of Shares</i>	<i>Approx. %</i>	(a) assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(b) assuming full acceptance by Chi Capital but nil acceptance by other Qualifying Shareholders under the Rights Issue and no Untaken Share(s) is placed to independent places	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Chi Capital ( <i>Note 1</i> )	39,003,500	20.63	58,505,250	20.63	58,505,250 <sup>2</sup>	28.05
Subscribers to be procured by bookrunner	—	—	—	—	—	—
Other public Shareholders	150,076,470	79.37	225,114,705	79.37	150,076,470	71.95
Total	189,079,970	100.00	283,619,955	100.00	208,581,720	100.00

Notes:

1. These Shares are registered under the name of Chi Capital, the sole shareholder and sole director of which is Mr. Wong Chau Chi, the chief executive officer, an executive director of the Company and the chairman of the Board. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital.
2. Based on the Irrevocable Undertaking of Chi Capital, the number of Rights Shares will be taken up by Chi Capital will be subject to the maximum percentage of 29.99% of the aggregate shareholding of Chi Capital and parties acting in concert with it immediately after completion of the Rights Issue.

The scenarios are for illustrative purpose only. Pursuant to the Placing Agreement, the Bookrunner undertakes on its best effort that it shall procure independent subscribers or

purchasers to take up such number of Untaken Shares (a) as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company and (b) such that it and the subscribers or purchasers procured by it shall not, together with party(ies) acting in concert with each of them, become the controlling shareholder (as defined under the Listing Rules) of the Company upon completion of the Rights Issue.

### **Expected timetable for the Rights Issue**

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Publication of the rights issue announcement (including timetable) .....	Monday, 3 February 2020
Last day of dealings in the Shares on a cum-rights basis .....	Thursday, 6 February 2020
Commencement of dealings in the Shares on an ex-rights basis .....	Friday, 7 February 2020
Latest time for lodging transfers of Shares to qualify for the Rights Issue .....	4:30 pm on Monday, 10 February 2020
Register of members of the Company closes (both dates inclusive).....	Tuesday, 11 February 2020 to Monday, 17 February 2020
Record Date for the Rights Issue .....	Monday, 17 February 2020
Despatch of Prospectus Document, including PAL and prospectus .....	on or before Tuesday, 18 February 2020
First day of dealings in nil-paid Rights Shares .....	9:00 am on Thursday, 20 February 2020
Latest time for splitting of nil-paid Rights Shares .....	4:30 pm on Monday, 24 February 2020
Last day of dealings in nil-paid Rights Shares.....	Thursday, 27 February 2020
Latest time for acceptance and payment for the Rights Shares .....	4:00 pm on Tuesday, 3 March 2020
Announcement of the number of Untaken Shares subject to the Placing Arrangement.....	Wednesday, 4 March 2020
Latest time to terminate the Placing Agreement and for Rights Issue to become unconditional “ <b>Latest Time for Termination</b> ” .....	4:00 pm on Wednesday, 4 March 2020
Commencement of placing of the Untaken Shares by the Bookrunner .....	Thursday, 5 March 2020
Latest time of placing of the Untaken Shares by the Bookrunner .....	Friday, 6 March 2020
Cease to place the Untaken Shares by the Bookrunner.....	Monday, 9 March 2020
Announcement of the allotment results of the Rights Issue.....	Tuesday, 10 March 2020

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lot of Shares..... 9:00 am on Wednesday, 11 March 2020

Refund cheques, if any, to be despatched (if the Rights Issue is terminated ).....on or before Wednesday, 11 March 2020

Despatch of certificates for fully-paid Rights Shares .....on or before Wednesday, 11 March 2020

Commencement of dealings in fully-paid Rights Shares .....9:00 am on Thursday, 12 March 2020

Payment of Net Gain to relevant No Action Shareholders and/or Excluded Shareholders .....Thursday, 26 March 2020

Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lot of Shares ..... 4:00 pm on Tuesday, 31 March 2020

*Notes:*

1. *All times in this announcement refer to Hong Kong times.*
2. *The Company will make further announcement if there is any change to the above timetable. Dates or deadlines specified in this announcement for events in the above timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Rights Issue, if required, will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.*

**Principal business**

The Group is principally engaged in provision of Converged Mobile Multimedia Broadcasting (“CMMB”) business and trading of printed circuit boards (“PCB”):

1. CMMB business (digital broadcasting with advertising or capacity leasing): The Group owns a terrestrial TV station network in the United States where the Group engages in broadcasting digital TV and data services free-to-air to the general public in partnership with content providers and receives channel capacity leasing and advertising fees.
2. Trading of PCB materials.

**Reasons for the Rights Issue and use of proceeds**

*Needs for the proposed Rights Issue*

As stated in the interim report for the six months ended 30 June 2019, the total bank balances and cash as at 30 June 2019 have decreased to US\$1,601,000 (equivalent to approximately HK\$12.57 million); this balance further reduces over time.

The Company has the obligation to ensure a sufficient and healthy cash reserve for general working capital and key business development for the foreseeable future. Similar to past years, while the Group finances most of its business operation through the cash flow generated from its principal activities, it still requires additional fundraising activities to finance the shortfalls in its general working capital and capital expenditures for business development and investment projects. The Company raised total gross proceeds of HK\$148.8 million and HK\$150.1 million by share placements in 2018 and 2017, respectively. However, the total



gross proceeds from share placements in 2019 was only HK\$29.2 million, reduced by 80.4% and 80.6% as compared with 2018 and 2017 respectively. The proceeds from share placements in 2019 are not sufficient to cover the market development and promotion expenses or investment projects. These expenditures are incurred year to year and our budget is developed based on the estimation by management with invoices and/or contracts as well as the actual amounts incurred in previous years.

***General working capital of an associate:***

Silkwave Holdings Limited (“SHL”) is defined as the new-generation mobile multimedia provider dedicated to vehicles and mobile users. It is trying to provide audio-video-data multimedia services delivered through the L-band frequency based broadcast satellite in conjunction with terrestrial 4G and 5G cellular network, thus rendering a holistic mobile platform with unprecedented economies of scale and scope. Furthermore, it aims at deploying services in China, the world’s largest vehicle market.

To implement the above, SHL’s business and operating plan in China is as follows:

1. Development of satellite-4G/5G converged technology core technology protocols. This has been largely completed in 2018 and currently is adding on technology extension.
  - a. The technology standard development was done in partnership with the National Radio and Television Administration (“NRTA”), the ultimate regulator and operator of all broadcast media services in China, and Ministry of Industry Information Technology (“MIIT”), the ministry controls Internet communication and car industry.
  - b. As the network is a new type of delivery platform integrating broadcast with cellular network, new technology standard to enable industry support is necessary. In addition, as the technology is to be used in China for media and connected-cars, NRTA and MIIT involvement and ultimate approvals would be necessary. However, the ultimate approvals of the standard will only come until all trial phases are done, which will take another 6 months to a year.
2. Development of satellite-4G/5G converged network with mobile carriers in China. This has been completed in 2018, mainly with China Telecom.
3. Conducting technical trial services in China with industry partners and government agencies to validate technology and network infrastructure, which is an ongoing multi-phase process, involving equipment makers to develop device prototypes that adopt the converged technologies. This has started since 2017.
4. Working with car electronic makers to design-in the technology solutions (“TM-BOX”) into car infotainment devices to be installed into new car series. This has started last year and is on-going. Usually auto-OEMs started in-car design two to three years ahead of any launch of new cars into the market.
5. Conducting pre-commercial trial services, that is installing TM-BOX into tens to hundreds of thousands of cars or more with revenue generating commercial services. The process will accompany intense market development effort in preparation for eventual mass-market service rollout and heavy spending. We have yet to apply for such a license.

6. Procurement, launch and bring-in-use of a new satellite to replace the current AsiaStar with 100 times more power level and advanced features to support mass-market commercial service rollout. Launching mass market commercial rollout will require a full commercial license specifically under new satellite, which normally will be extended from the pre-commercial license upon launch of satellite.
7. The funding need required under current phase of technical trial and related activities is estimated to be around HK\$80 million per year, mostly going to support satellite operating costs, staffing, engineering, market development efforts, and development of commercial prototype devices to entice auto-OEMs for installation. Such funding is expected to be coming from shareholders of SHL as it has been.
8. The funding need under the pre-commercial trial phase, and the procurement and launch of satellite as well as commencement of mass-market commercial rollout will require funding of entirely different order of magnitude, i.e., US\$600 million, of which US\$400 million will be for satellite making and launch, and US\$200 million will be for operating and commercial market development expenses. For such an amount SHL has engaged independent financial institution as a global financial advisor to raise from the capital market. The fund-raising effort has commenced in 2019. Fund-raising will likely be in stages accreting to the total amount. Without sufficient money raised in each stage, SHL will not launch commercial business as planned.
9. The challenge to SHL has been receiving approvals for the pre-commercial eventual commercial services under a new satellite, which include licenses on L-band satellite frequency landing rights issued by the Wireless Bureau of the MIIT, and satellite L-band media broadcasting license by NRTA. Such approvals greatly affect SHL's ability in obtaining funding from investors, as investors need to have assurance that SHL can legitimately operate commercial services in China. Such approvals, while requiring specific technical qualifications, such as development of technology standard, validation of network, support of ecosystem, and viability of market, which SHL over the past few years has labored through and largely met all hurdles, are primarily subject to political considerations. The satellite platform AsiaStar that SHL owns currently to provide trial services in China is deemed a US satellite, purchased from the US, and the future satellite under procurement "Silkwave-1" is expected to be a US satellite as well. The Sino-US trade war and relations in the past two years has created political and regulatory uncertainty whether a US-made satellite such as ours can be use for providing services in China. As a result, the progress of SHL's approvals for pre-commercial licenses and mass market commercial rollout under a new satellite has been slow.
10. Until pre-commercial license can be received, SHL cannot commence revenue-generating activities in China. That means our burnt rate is expected to continue to be around HK\$80 million per year.
11. One alternative under considerations is we procure a China-made satellite for our new replacement satellite under planning, which could do away certain regulatory and political concerns and facilitate our license applications. Should such a plan reach fruition, which will take 6 – 12 months, we hope to have regulatory clearance and start pre-commercial business in China shortly after, and full commercial service three years after the new satellite is launched.

12. On the other hand, the Company is adopting the SHL satellite and technology platform on Maritime service outside of China, i.e., the South China Sea. Hence, our Maritime business plan is being put forth in full force. With the development of SHL in China, the technology and engineering can be transferred with low-cost to Hong Kong quickly which otherwise would be prohibitively expensive and arduous.

***Development of Maritime Project:***

During the year, the Company has identified certain investment projects, including but not limited to the potential investments in providing multimedia network service for the Greater Bay Area and the South China Sea (“**Maritime Project**”) (see also announcements of the Company dated 8 April 2019 and 4 November 2019) and renewable energy and financial technology business (see announcement of the Company dated 6 May 2019). Some of the projects are ready to commence but have been delayed as the Board considers the cash balance of the Company is low and the Company could not sustain its support for these projects. The Rights Issue would address the Company’s funding needs.

The Maritime Project is to take advantage of the current bandwidth capacity of the AsiaStar L-band satellite operated under the Company’s associated company - SHL, which the Company has proprietary access to, as well as the vast multimedia connected- car technology ecosystem that the Company helped developed in China, to deliver mobile video, audio, and data services to fishing boats and commercial vessels at the South China Sea areas. The business model is selling satellite receiver devices with embedded upfront service subscription and later to be followed by monthly/quarterly/yearly subscriptions. The operating platform will be set up in Hong Kong. The service is unique as there is no comparable service in the maritime environment as convenient and low-cost as that of the Company’s.

The cost required to launch and support the project will include the following:

1. Staffing. Hiring of a team of dedicated professionals performing tasks from engineering to programming, operation, to sales and marketing to provide end-to-end project management.
2. R&D on dedicated maritime devices for receiving satellite services in the sea environment. Such development albeit could take advantage of Company’s prior technology capability for connected-cars, non-recourse engineering will be needed to adopt, convert, and modify from the existing technology to make new products.
3. Developing business operation support systems such as user service management system, user interface app and software, content aggregation system, programming encoding and encryption, headend equipment for transmitting services from Hong Kong to satellite, etc.
4. Hardware cost associated with manufacturing user devices for sale which will need to be pre-ordered.
5. Content acquisition. The Company would need to pay copy rights to acquire interesting audio, video, and third-party data content.
6. Operating expenses. The Company needs to pay for networking, bandwidth, logistics, and Cloud services.
7. Sales and marketing. Advertising, event hosting, travelling, website maintenance, and product sales related expenses will be needed.

In sum, the estimated cost for the first year will be about HK\$25 million. Revenue is expected to start being generated toward the year of 2021.

***Allocation of the proceeds from Rights Issue:***

The estimated gross proceeds from the Rights Issue will be approximately HK\$61 million (assuming no further issue or repurchase of Shares on or before the Record Date and that the Rights Issue will be fully subscribed). The estimated net proceeds from the Rights Issue after expenses and fees, will be approximately HK\$60 million and are intended to be used on the following matters:

- (a) approximately HK\$35 million, 58.33% of net proceeds, towards general working capital of the Group as specified below:
  - (1) approximately HK\$3 million towards administrative and other expenses, including but not limited to office rent, salaries and allowances and legal and professional fees;
  - (2) approximately HK\$16 million towards market development and promotion expenses;
  - (3) approximately HK\$16 million towards general working capital of an associate; and
- (b) Approximately HK\$25 million, 41.67% of net proceeds, towards the development of the Maritime Project.

In the event that the Rights Issue is not fully subscribed and any Untaken Share(s) is not placed to independent places such that the size of the Rights Issue is reduced, the amount of net proceeds allocated to the abovementioned uses will be reduced on a pro rata basis according to the actual level of subscription of the Rights Issue.

***Details of the proposed use of proceeds***

Administrative and other expenses: The actual administrative expenses and other expenses incurred for the year ended 31 December 2018 were US\$2.03 million and US\$1.31 million respectively, totalling US\$3.34 million and for the six months ended 30 June 2019 were US\$1.08 million and US\$0.2 million respectively. The proposed use of net proceeds of approximately HK\$3 million towards administrative and other expenses is budgeted to maintain liquidity in the working capital.

Market development and promotion expenses: The actual market development and promotion expenses incurred for the year ended 31 December 2018 and the six months ended 30 June 2019 were US\$4.06 million and US\$1.03 million respectively. The proposed use of net proceeds of HK\$16 million towards market development and promotion expense is determined based on the estimation by management with reference to the actual amounts incurred in previous years plus contracted research and development projects as follows:

	US\$	HK\$
Market development and promotion expenses	1,159,000	9,000,000
R&D commitments with the UW-CMMB Lab	450,000	3,500,000
R&D commitments in China	450,000	3,500,000
Total budget	2,059,000	16,000,000

General working capital of an associate: The Company completed the acquisition in 20% of the issued share capital of SHL in 2018. SHL is under development stage and has not generated

any revenue to fund its operations. As such, the shareholders are required to contribute to SHL's general working capital on a pro rata basis. The Company expects to finance a portion of SHL's operation through shareholder loans. The proposed use of net proceeds of approximately HK\$16 million towards the general working capital of an associate will be as follows:

	US\$	HK\$
China operating expenses <sup>(note 1)</sup>	6,950,000	54,000,000
Satellite related expenses <sup>(note 2)</sup>	2,059,000	16,000,000
Professionals and consultants' expenses <sup>(note 3)</sup>	1,287,000	10,000,000
Total budget for SHL	<u>10,296,000</u>	<u>80,000,000</u>
 20% share of interest in the SHL's budget by the Company	 <u>2,059,000</u>	 <u>16,000,000</u>

Notes:

1. *China operating expenses include staff costs, office expenses, office rent, research and development, system testing and modification, development of commercial prototype devices to entice auto-OEMs for installation, content royalty fees, maintenance costs and market development efforts etc.*
2. *Satellite related expenses mainly include overseas satellite uplink facilities, satellite management fee, internet charges and relevant maintenance costs etc.*
3. *Professionals and consultants' expenses include market research, technical due diligence, financial advisory fees, legal and professional fees, etc.*

The Company acknowledges that the provision of such financial assistance to SHL may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and/or a connected transaction of the Company under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules in connection with any agreement to provide such financial assistance.

In the event that the Company fails to obtain the necessary consent and approval for the provision of financial assistance to SHL or such provision of financial assistance otherwise could not materialise, the Company will reallocate this portion of the proceeds and will disclose the details by a separate announcement in due course.

The Company did not provide any support to SHL on its capital commitment which they have engaged financial institutions to run fundraising exercise on its behalf and has not been completed.

Development of the Maritime Project: Earlier in the year, the Company has announced that it is developing a maritime satellite multimedia service for the South China Sea, which includes the Greater Bay Area and the Southern China Sea. The business is to target the millions of fishing boats, commercial freighters and cruise liners and the operators and passengers aboard these vessels. The area covers 9 million square miles and will be serviced by our AsiaStar satellite. This project aims to deploy our existing assets, technology and ecosystem of partners to market services over the maritime area as a business. The trial of such business is underway and commercial services could start in 2020 to 2021. The proposed use of net proceeds of approximately HK\$25 million towards this project will be as follows:

	US\$	HK\$
Broadcast and network equipment, including front-end system, antennas and terminals <sup>(note 1)</sup>	1,287,000	10,000,000
Operating costs <sup>(note 2)</sup>	1,030,000	8,000,000
Content royalty fees <sup>(note 3)</sup>	515,000	4,000,000
Market development and promotional activities <sup>(note 4)</sup>	386,000	3,000,000
Total budget	<u>3,218,000</u>	<u>25,000,000</u>

*Notes:*

1. *The broadcast and network equipment includes the front-end content aggregation, programming, and encryption equipment, satellite uplink facilities, maritime-tailored user terminals, multimedia (audio, video, data) smart engine, BOSS and digital rights management systems, service tests and maintenance costs.*
2. *The operating costs mainly include staff costs, office expenses, rent and customer service support, etc.*
3. *The content royalty fees are estimated based on a service model with 8 visual and 10 radio channels. These services include live audio-video entertainment, weather reports, emergency alerts, operating on a 24/7 basis.*
4. *Market development and promotional activities include a user device subsidy during the initial launch phase, as well as selling and marketing expenses, commissions, etc.*

The Maritime Project will be a validation of the Company's business model which showcases our technology to an international audience. It will be a testament of the business opportunities available beyond our initial investment in the vehicular multimedia infotainment technologies developed by SHL.

***Expected timeline for use of proceeds from the proposed Rights Issue:***

Based on the financial budget, the proposed use of proceeds expects to be utilized within one year to meet the financial obligations as they fall due in respect of the above proposed expenditures.

Assuming that none of the Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the gross proceeds from the Rights Issue are expected to be approximately HK\$61 million before expenses. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$60 million (equivalent to approximately US\$7.72 million). The proceeds of the Rights Issue will be used in the above manners.

In the event that any Share Options are exercised on or before the Record Date resulting in an increase in the net proceeds from the Rights Issue, our intended uses of proceeds set out above will be increased on a pro rata basis.

**WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**It is expected that Shares will be dealt with on an ex-rights basis from 7 February 2020 and Rights Shares will be dealt with in their nil-paid form from 20 February 2020 to 27 February 2020.**

**Any buying or selling of Shares or Rights Shares between the date of this announcement and the date the Rights Issue becomes unconditional is at an investor's own risk.**

## **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

## **FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS**

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

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of announcement</b>
11 October 2019	Placing of 630,266,440 new shares under general mandate granted by the Shareholders at the AGM on 29 May 2019	Approximately US\$2,831,000	General working capital for operations and business development	Administrative and operations of US\$2,831,000
11 January 2019	Placing of 66,081,535 new shares under general mandate granted by the Shareholders at the AGM on 28 May 2018	Approximately US\$910,000	General working capital for operations and business development	Partial repayment of convertible notes of US\$910,000

Save as above mentioned, the Company had not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

### **Reasons of the change in use of proceeds for the past two placings**

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 part only of the principal outstanding amount of the convertible notes together with the outstanding interest accrued thereon.

The Directors considered the Company's adjusted gearing ratio was up to 45.8% in 2018 (total loans to total assets, excluding interests in an associate) had negative impact on the Company's financial leverage to raise additional funds and therefore has reallocated certain net proceeds from placings on the repayment of the convertible notes so as to improve its financial position.

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 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 operation and business of the

Group. The Directors will continuously assess the business objectives of the use of net proceeds and may revise or amend such plans to cope with the changing market conditions where necessary.

For further details, please refer to the announcement of the Company dated 8 November 2019.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A of the Listing Rules, as the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at a general meeting by way of poll.

## **GENERAL**

The Prospectus containing, among other matters, further details of the Rights Issue, shall be despatched to the Shareholders on or before Tuesday, 18 February 2020. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

**The Company will post on the Posting Date copies of the Prospectus Documents to the Qualifying Shareholders and post copies of the Prospectus marked “For information only” together with a letter in agreed form to the Excluded Shareholders explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

- |                           |  |
|---------------------------|--|
| “Acceptance Date”         | : 3 March 2020, being the date on which the Rights Shares are accepted and paid for being a date falling not later than 15 days after the Posting Date   |
| “Articles of Association” | : the articles of association of the Company adopted pursuant to a written resolution passed by the then sole Shareholder on 5 July 2005, as amended from time to time   |
| “Board”                   | : the board of Directors   |
| “Bookrunner”              | : KGI Asia Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the bookrunner appointed by the Company to place any Untaken Shares under the Placing Arrangement |
| “Business Day”            | : any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong  |



- “CCASS” : the Central Clearing and Settlement System established and operated by HKSCC
- “Chi Capital” : Chi Capital Holdings Ltd, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly owned by Mr. Wong Chau Chi, the chief executive officer, an executive Director of the Company and the chairman of the Board, being a substantial Shareholder holding 39,003,500 Shares as at the date of this announcement
- “Chi Capital Portion” : up to 19,501,750 Untaken Shares which Chi Capital has agreed to take up
- “Companies Law” : the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
- “Companies Ordinance” : the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, with effect from 3 March 2014, as amended and supplemented from time to time
- “Companies (WUMP) Ordinance” : the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, with effect from 3 March 2014
- “Company” : CMMB Vision Holdings Limited, a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
- “Compensatory Arrangement” : Any premium over, the aggregate amount of (i) the Subscription Price for those Untaken Shares placed by the Bookrunner; and (ii) the expenses of the Bookrunner (including any other related expenses/fees), that is realised will be paid (without interest) on pro rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest dollar)
- “connected person(s)” : has the meaning ascribed thereto under the Listing Rules
- “controlling shareholder” : has the meaning ascribed thereto under the Listing Rules
- “Convertible Notes” : Hong Kong dollar denominated convertible notes in the principal amount of US\$96,000,000 issued by the Company to Chi Capital on 29 May 2018

“Director(s)”	: the director(s) of the Company
“Excluded Shareholder(s)”	: those Overseas Shareholders who, in the opinion of the Directors based on enquiry made in compliance with the Listing Rules, are necessary or expedient to be excluded from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside
“Group”	: the Company and its Subsidiaries
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	: Hong Kong Securities Clearing Company Limited
“Irrevocable Undertaking”	: means the undertaking granted by Chi Capital in favour of the Company, the terms of which are set out in the sub-section headed “Irrevocable Undertaking from Chi Capital” in this announcement
“Listing Committee”	: has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“No Action Shareholders”	: Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the provisional letters of allotment or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed;
“NQS Unsold Rights Shares”	: the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	: those persons whose addresses as shown on the register of members of the Company on the Record Date are resident in a place outside Hong Kong
“PAL(s)”	: the provisional allotment letter in respect of the Rights Issue to be issued to the Qualifying Shareholders (it being acknowledged that this shall be based on a market standard precedent)
“Placing Arrangement”	: the placing arrangement for the Untaken Shares as described in the section headed “Placing Arrangement” in this announcement

“Posting Date”	: the date on which the dispatch of the Prospectus Documents takes place, which is currently expected to be on or before 18 February 2020
“PRC”	: the People’s Republic of China
“Prospectus”	: the prospectus to be dispatched to shareholders of the Company on the Posting Date in connection with the Rights Issue
“Prospectus Documents”	: means the Prospectus and the Provisional Allotment Letter
“Qualifying Shareholder(s)”	: the persons shown on the register of members of the Company on the Record Date, other than the Excluded Shareholders as the date by reference to which provisional allotment of Rights Shares will be made
“Record Date”	: 17 February 2020, being the Posting Date (or such other date as the Bookrunners and the Company may agree from time to time in writing)
“Rights Issue”	: the proposed offer of the Rights Shares at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus and the Provisional Allotment Letter and as briefly described in the Announcement
“Rights Shares”	: up to 94,539,985 Shares to be issued pursuant to the Rights Issue
“SFC”	: the Securities and Futures Commission of Hong Kong
“SFO”	: Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	: ordinary share(s) with a par value of HK\$0.20 each in the share capital of the Company
“Share Options”	: outstanding share options granted under the Share Option Scheme
“Share Option Scheme”	: the share options scheme of the Company adopted on 18 December 2015
“Share Registrar”	: the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong

“Shareholder(s)”	: holder(s) of Share(s)
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Subscription Price”	: HK\$0.65 per Rights Share
“Subsidiaries”	: has the meaning given to the term “subsidiary” in section 15 of the Companies Ordinance
“Unsubscribed Rights Shares”	: the Rights Shares that are not subscribed by the Qualifying Shareholders
“Untaken Shares”	: collectively, (i) the Unsubscribed Rights Shares, and (ii) Rights Shares which would otherwise have been allotted to Excluded Shareholders and the nil-paid form of which have not been sold by the Company
“US”	: the United States of America
“US\$”	: US dollars, the lawful currency of the US
“%”	: per cent

By order of the Board  
**CMMB Vision Holdings Limited**

**Wong Chau Chi**  
Chairman

Hong Kong, 3 February 2020

*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.*

*The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*