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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)

DISCLOSEABLE TRANSACTION AND EXEMPTED CONNECTED TRANSACTION – ACQUISITION OF 51% INTEREST IN THE TARGET COMPANY

- **The Company is acquiring 51% of Hong Kong based Artificial Intelligence (AI) and Internet-of-Things (IoT) company IITH from Controlling Shareholder for HK\$ 1.00.**
- **Founded in 2018, IITH has rapidly grown to be a leading AI and IoT solutions provider in Hong Kong and China. It is revenue-generating with rapid growth rate. Its management expects to achieve at least HK\$30,000,000 in revenue in next two years.**
- **IITH will help upgrade Company’s Electronics Components business to higher margins with synergetic AI and IoT based hardware/software products and solutions and bring in new revenue stream to the Company.**
- **IITH will also help bolster Company’s developing satellite-Internet 5G infrastructure with core AI and big-data competence to form a vertically integrated Data-as-a-Service platform delivering digital infotainment, IoT, and data analytics to smart-cars and smart-cities.**
- **The Acquisition once again demonstrates Controlling Shareholder’s resolve in building up the Company as a significant business concern in digital economy for the best interest of all shareholders.**

THE ACQUISITION

The Company is pleased to announce that on 27 May 2022 (after trading hours of the Stock Exchange), CMMB Vision Holdings Limited (the “**Purchaser**” or the “**Company**”, together with its subsidiaries, the “**Group**”) entered into an acquisition agreement (the “**Acquisition Agreement**”) with Chi Capital Holdings Ltd (the “**Vendor**” or “**Chi Capital**”), pursuant to which the Company agreed to acquire and the Vendor agreed to sell 51% interest in International IT Hub Limited (the “**Target Company**” or “**IITH**”) for the consideration (the “**Consideration**”) of HKD1.00 (the “**Acquisition**”).

Principal Terms of the Acquisition Agreement

Date

27 May 2022

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company agreed to acquire and Chi Capital agreed to sell 51% interest in the Target Company.

Consideration and basis of consideration

The Consideration was HKD1.00, which was determined after arm's length negotiations between the parties with reference to the potential for future development of the commercial operation as well as synergetic development with the Company's business.

They are sold at the consideration of HK\$1.00 to the Company by the controlling shareholder Chi Capital, who is also the controlling shareholder of IITH. The nominal price gives the Company a huge potential windfall in enterprise value.

Payment of the Consideration

The Purchaser shall pay to the Vendor the Consideration in full in one lump sum within 5 business days after the Completion Date.

Completion

- (1) the Vendor and the Purchaser shall cooperate with each other to complete the transfer of the shares of the Target Company ("**Completion Date**"); and
- (2) on the Completion Date, the Vendor shall procure Target Company to transfer the seals, qualification certificates, all original contracts, financial documents and others of the Target Company.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company, and its results, assets and liabilities will be consolidated into the accounts of the Group.

ABOUT THE ACQUISITION

The Target Company is a Hong Kong based Artificial Intelligence ("**AI**") and big-data Internet-of-things ("**IoT**") hardware and software solutions provider with operations in Hong Kong and China. It has advanced competence in areas such as AI-based video analytics, facial recognition and license plate recognition as well as IoT solutions.

Founded in 2018, the Company is already revenue generating. Upon Completion, the Acquisition, will add an existing new revenue stream to the Company with great future prospect. In addition, based on the management projection, the Target Company can generate over HK\$30 million in revenue for the next two years.

IITH is expected to be integrated as Company's subsidiary with a two-prong business approach. On one hand, it will leverage Company platform to carry on and expand its AI / IoT business as an independent subsidiary. On the other hand, it will provide its AI and big-data analytics competence to bolster Company's satellite-5G converged data-as-a-service infrastructure into a vertically integrated

operating platform with data aggregation, distribution, analytics so as to maximize business opportunities.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Upgrade and expand Company's PCB Electronics Components business with new AI and IoT based hardware/software solutions

In order to enhance profit margin of existing PCB components business, the Company has been trying to upgrade to higher margin products. It has recognised the trend of AI and IoT technologies playing in the new-generation digital electronic devices and appliances, etc. IITH provides advanced hardware and software solutions in areas of AI-based video analytics, facial recognition, vehicle and license plate recognition, logistics, and community management, which can be highly complementary to the Company's PCB electronic component business platform as a whole. The Acquisition is expected to add AI and IoT based hardware and software revenue flows to the Company.

New revenue stream with enormous future prospect

Commenced in 2018, IITH is an AI and IoT solution company in Hong Kong and is currently revenue-generating. The revenue will consolidate with that of the Company after Completion. In addition, based on the management projection, the Target Company can generate over HK\$30 million in revenue for the next two years. The management believe there will be gradually increase the investment budget and leverage of AI and IoT application from government and enterprise, to enhance their internal operating efficiency, which will be the catalyst of revenue growth of Target Company.

Bolster the Company's satellite-5G converged data-as-a-service infrastructure with AI and big-data competence

One of the core businesses the Company is expanding from of its CMMB multimedia technology is to provide data-as-a-service with a holistic satellite-5G converged mobile delivery and consumption infrastructure, which could be used to provide digital infotainment and data analytics for smart-car and smart city use. The Company's future satellite capabilities will include remote sensing for collecting and transmitting earth observation data such as carbon emission, climate change, and energy for industry and government use.

The addition of IITH will embolden the Company's satellite-5G platform with AI and big-data capabilities to perform a variety of data analytics and embolden the Company to be a comprehensive data-as-a-service operator.

Highly favourable terms to Company

The consideration of HKD1.00 for acquiring the IITH business is highly favourable to the Company in entering into the highly coveted AI/IoT business. It again demonstrates the determination of the Controlling Shareholder to enhance the profitability of the Company in all shareholder's interest.

The Acquisition is a most efficient and cost-effective way for the Company to enter into the AI & IoT market and acquire the competence.

In view of the above, the directors of the Company (the "**Director(s)**") (including the independent non-executive Directors, but excluding Mr. Wong Chau Chi, the Director, being the sole director of Chi Capital and is deemed to be interested in the Acquisition) believe that the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Shareholders as a whole, and the terms of the Acquisition are fair and reasonable.

To the best of the Directors' knowledge having made all reasonable enquiries, save for Mr. Wong Chau Chi, being the sole director and sole shareholder of Chi Capital, none of the Directors has any material interest in the transactions contemplated under the Acquisition Agreement. Mr. Wong Chau Chi had abstained from voting on the Board resolutions for approving the Acquisition Agreement.

INFORMATION ON THE TARGET COMPANY

IITH was established on 13 March 2018 in Hong Kong a limited liability company. It mainly engages in the sales of hardware and software to be used in AI or IOT solution, also provide one-stop solutions for clients in Hong Kong and China. Core services include AI-based video analytics, facial recognition and license plate recognition as well as A-IOT Solutions. Clients of IITH from across various industry including government bodies, NGOs and various enterprise in Hong Kong and China. IITH leverages its self-developed algorithm with AI & IOT solution to enhance operating efficiency to facilitate client's specific need. The management team of IITH includes members who have AI and IOT related field's experience for over 15 years. IITH is owned as to 49% by Mr. Wong Wai Chun, who is also a key management team member of IITH.

The unaudited financial information of the Target Company for the year ended 31 December 2021 is as follows:

	For the year ended 31 December 2021 <i>HK\$'000</i>
Revenue	10,733
Net profit before tax	144
Net profit after tax	144

INFORMATION ABOUT THE PARTIES

The Company

The Company was incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board. The Company is an investment holding company and the Group is principally engaged in the provision of convergent mobile multimedia broadcasting, satellite infotainment multimedia technology and services for vehicles and maritime applications, and trading of printed circuit board.

Chi Capital

Chi Capital Holdings Ltd, a company incorporated under the laws of the BVI with limited liability, which is wholly-owned by Mr. Wong Chau Chi. It is principally engaged in investment holding, including its investment holding in the Company.

The Target Company

The Target Company is a limited liability company in Hong Kong, which is owned 51% by the Vendor and 49% by Mr. Wong Wai Chun, who is also a key management team member of IITH, and is principally engaged in the sales of hardware and software to be used in AI or IOT solution, also provide one-stop solutions for clients in Hong Kong and China. Core services include AI-based video analytics, facial recognition and license plate recognition as well as A-IOT Solutions.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Chi Capital is the controlling shareholder of the Company and hence a connected person of the Company. Therefore, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios for the Acquisition are less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

By order of the Board
CMMB Vision Holdings Limited

Wong Chau Chi
Chairman

Hong Kong, 27 May 2022

As at the date of this announcement, the executive director is Mr. WONG Chau Chi; the non-executive directors are Dr. LIU Hui, Mr. CHOU Tsan-Hsiung, Mr. YANG Yi and Mr. LUI Chun Pong; and the independent non-executive directors are Dr. LI Jun, Mr. CHOW Kin Wing and Mr. TAM Hon Wah.