CMMB Vision Holdings Limited

中國移動多媒體廣播控股有限公司

(Formerly known as Global Flex Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

2010

Interim Report

Contents

Board of Directors

Executive Director
Mr. WONG Chau Chi *(Chairman)*

Non-executive Directors
Dr. Hui LIU *(Vice-chairman)*
Mr. CHOU Tsan-Hsiung
Mr. YANG Yi
Dr. LI Jun

Independent Non-executive Directors
Mr. WANG Wei-Lin
Mr. YU Kam Kee Lawrence BBS, MBE, JP
Mr. Shan LI
(appointed as a non-executive Director with effect from 5 October 2009 and re-designated as an independent non-executive Director with effect from 2 March 2010)

Members of Audit Committee

Mr. Shan LI *(Chairman)*
(appointed with effect from 2 March 2010)
Mr. YU Kam Kee Lawrence BBS, MBE, JP
Mr. CHOU Tsan-Hsiung

Members of Remuneration Committee

Mr. WANG Wei-Lin *(Chairman)*
Mr. CHOU Tsan-Hsiung
Mr. YU Kam Kee, Lawrence BBS, MBE, JP
Mr. Shan LI
(appointed with effect from 2 March 2010)

Company Secretary

Mr. CHEUNG Kai Cheong Willie FCCA, CPA

Authorised Representatives

Mr. WONG Chau Chi
Mr. CHEUNG Kai Cheong Willie

Auditor

Deloitte Touche Tohmatsu

Legal Advisor as to Hong Kong Law

Chiu & Partners

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Registered Office

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

Principal Place of Business in Hong Kong

1701-1702, 17th Floor
The Hong Kong Club Building
3A Chater Road, Central
Hong Kong
Tel: +852 3690 2589
Fax: +852 3690 2489
Email: info@cmmbvision.com
Website: www.cmmbvision.com

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 705
George Town, Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Stock Code: 471

REVIEW OF OPERATIONS/BUSINESS

The principal activity of CMMB Vision Holdings Limited (formerly known as Global Flex Holdings Limited) ("Company") is investment holding whilst its subsidiaries are mainly engaged in manufacture and trading of printed circuit boards and assembly.

During the six months ended 30 June 2010 ("Period"), the Company and its subsidiaries (collectively, the "Group") recorded a total turnover of approximately US$5.9 million, representing an increase of approximately US$5.8 million (approximately 59 times) as compared to the corresponding period of 2009.

Following the recent successful completion of its corporate restructuring, the Company has been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia business based on the China Mobile Multimedia Broadcasting ("CMMB") standards. The Company's goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

The English name of the Company has been changed to "CMMB Vision Holdings Limited" and its Chinese name has been changed to「中國移動多媒體廣播控股有限公司」on 14 May 2010 to better reflect the Company's new identity and focus. The Company is engaged in several strategic initiatives aimed at creating a vertically integrated mobile TV new media platform for business expansion. The progress is thus far in line with expectations.

CMMB is China home grown mobile TV technology standard that provides terrestrial and satellite broadcast transmission to mobile devices, (e.g. smart-phones, car-mount TVs, GPS, PC TVs, etc.) with accompanying interactive multi-media services. The standard's principal funder is Dr. Hui Liu, the vice-chairman of the Company. The China Broadcasting Corporation, under the State Administration of Radio, Film and Television ("SARFT") commenced commercial CMMB services in 2010 and already operates the world's largest mobile television broadcasting network covering over 300 cities within more than 500 million inhabitants.

CMMB is a key driver for China's 3-Way Network Convergence. China Mobile, the world's largest mobile networks operator, is preparing to roll-out its convergence TD-CMMB services, which packages TD-SDMA 3G voice, data and internet services with CMMB Mobile TV. The service is expected to commence in 2010 and with projected subscribers reaching well over 100 million within a few years.

FINANCIAL REVIEW

For the Period, the Group recorded loss for the period of approximately US$7.1 million as compared to loss for the period approximately US$17.4 million for the period ended 30 June 2010, representing a decrease of approximately 59.2%. Loss per share was approximately US0.26 cents (six months ended 30 June 2009: approximately US1.07 cents) and net liabilities per share of the Company was approximately US0.18 cents (31 December 2009: approximately US0.36 cents).

Turnover and gross loss margin

For the Period, the Group recorded a turnover of approximately US$5.9 million, gross loss of approximately US$2.8 million and loss of approximately US$7.1 million as compared to a turnover of approximately US$0.1 million, gross loss of approximately US$5.9 million and loss of approximately US17.4 million for the six months ended 30 June 2009, representing an increase in turnover of approximately 59 times, decrease in gross loss and loss of approximately 52.5% and 59.2% respectively.

Operating expenses

During the Period, the Group's distribution and selling expenses decreased by 13.0% to approximately US$139,000 (six months ended 30 June 2009: approximately US$123,000).

During the Period, the Group's administrative expenses increased by 126.1% to approximately US$5.2 million (six months ended 30 June 2009: approximately US$2.3 million), it mainly comprises share-based payments of approximately US$2.6 million (six months ended 30 June 2009: Nil) and which is the main reason for the increase in administrative expenses of the Group.

For the Period, the Group had impairment loss reverse on trade and other receivables of approximately US$1.2 million (six months ended 30 June 2009: Loss approximately US$0.3 million). The Group has tighten the control to receive the order from its customers, therefore most of the current trade receivables were settled within their credit period and certain bad debts were recovered during the Period.

The finance costs decreased by 30.0% to approximately US$0.7 million (six months ended 30 June 2009: approximately US$1.0 million) during the Period, the decrease in finance costs is mainly due to significant repayments of bank loans by a subsidiary during the year ended 31 December 2009.

INTERIM DIVIDEND

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group had shareholders' deficits of approximately US$5.1 million. Current assets amounted to approximately US$18.3 million. It mainly comprises bank balances and cash of approximately US$4.6 million and trade and other receivables of approximately US$11.4 million. Current liabilities amounted to approximately US$13.8 million. It mainly comprises trade other payables of approximately US$13.2 million.

As at 30 June 2010, the Group's current ratio was 1.33 (31 December 2009: 0.86) and the gearing ratio (a ratio of total loans to total assets) was 80.4% (31 December 2009: 86.8%).

As at 30 June 2010, the Group's bank loan balance was about US23.6 million, all loans were fixed rate borrowings which carried interest rates ranging from 3.28% to 9.36% per annum.

On 7 January 2010, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 200,000,000 new shares of the Company for an aggregate consideration of HK$20,600,000 (Equivalent to US$2,658,065) at a subscription price of HK$0.103 per subscription share. The net proceeds of this subscription was used as general working capital during the Period.

On 28 January 2010, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 165,945,000 new shares of the Company for an aggregate consideration of HK$17,922,060 (Equivalent to US$2,312,524) at a subscription price of HK$0.108 per subscription share. The net proceeds of this subscription was used as general working capital during the Period.

On 25 May 2010, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 184,400,000 new shares of the Company for an aggregate consideration of HK$20,468,400 (Equivalent to US$2,641,084) at a subscription price of HK$0.111 per subscription share. The net proceeds of this subscription was used as general working capital during the Period.

FOREIGN EXCHANGE EXPOSURE

For the Period, most assets, liabilities and transactions of the Group are denominated in Renminbi ("RMB"), Hong Kong Dollars ("HK$") and US$. The management believes that foreign exchange risk does not affect the Group since the sales and purchases in RMB substantially hedged the risks of the transactions in foreign currency and the Group did not make any other hedging arrangement during the Period.

SEGMENT INFORMATION

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

EMPLOYEE BENEFITS

For the Period, the average number of employees of the Group was approximately 500 (six months ended 30 June 2009: approximately 1,500), and the Group's staff costs amount to approximately US$1.1 million (six months ended 30 June 2009: approximately US$2.2 million). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the Period, the Company has granted 56,455,000 share options to a Director and employees of the Group (six months ended 30 June 2009: Nil) under the share option scheme of the Company adopted on 5 July 2005.

The employees of the Company's subsidiaries in the PRC are members of a state-managed social welfare scheme operated by the local government of the PRC. Under the scheme, the Group provides retirement, medical, employment injury, unemployment and maternity benefits to its employees in the PRC in accordance with the relevant PRC rules and regulations. The Group is required to contribute a specified percentage of their payroll costs to the social welfare scheme to fund the benefits. The only obligation of the Group with respect to the social welfare scheme is to make the specified contributions.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

During the Period, the Group did not have any material acquisition or disposals of subsidiaries or associates.

The Company is planning cooperation with domestic institutions to establish and operate provincial CMMB interactive multimedia channels in Liaoning, Yunnan and certain other provinces in the PRC, which will be supported by over 40,000 hours' programs. The Company is also negotiation with overseas institutions on the joint development of CMMB business in developing countries such as Mongolia, Indonesia and countries in Africa. The Directors expected the Company will close current negotiation on potential acquisition and development projects by the end of 2010, and the Company intends to invest through shares and cash in order to minimize its capital cost.

CHARGE ON ASSETS

As at 30 June 2010, pledges of the Group's properties and prepaid lease payments amounted to approximately US$17.5 million and US$0.7 million respectively (31 December 2009: approximately US$18.6 million and US$0.7 million respectively) to secure its bank borrowings.

CONTINGENT LIABILITIES

As at 30 June 2010, neither the Group nor the Company has any significant contingent liabilities (31 December 2009: Nil).

PROSPECTS

The Company has been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia businesses based on the CMMB standard. The Company's goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

CMMB is China home grown mobile TV technology standard that provides terrestrial and satellite broadcast transmission to mobile devices, (e.g. smart-phones, car-mount TVs, GPS, PC TVs, etc.) with accompanying interactive multi-media services. The standard's principal founder is Dr. Hui Liu, the vice-chairman of the Company. The China Broadcasting Corporation, under the State Administration of Radio, Film and Television ("SARFT") commenced commercial CMMB services in 2010 and already operates the world's largest mobile television broadcasting network covering over 300 cities with more than 500 million inhabitants. CMMB is a key driver for China's 3-Way Network Convergence. China Mobile, the world's largest mobile networks operator, is preparing to roll-out its convergence TD-CMMB services, which packages TD-SDMA 3G voice, data and internet services with CMMB Mobile TV. The service is expected to commence in 2010 and with projected subscribers reaching well over 100 million within a few years. The Company will endeavour in China's CMMB and 3-Way Network Convergence developments, and it anticipates to have much closer working relationship with relevant government departments and major service operators there.

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

As at 30 June 2010, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

(a) Ordinary shares

Name of Director	**Capacity/nature of interest**	**Total number of ordinary shares held** (Note 1)	**Approximate percentage of interest** (Note 3)
Mr. Wong Chau Chi	Beneficial owner	26,750,000 (L)	0.934%
	Interest of controlled corporation (Note 2)	110,487,500 (L)	3.856%
Dr. Hui Liu	Beneficial owner	10,000,000 (L)	0.349%
Mr. Chou Tsan-Hsiung	Beneficial owner	10,000,000 (L)	0.349%
Mr. Yang Yi	Beneficial owner	20,000,000 (L)	0.698%
Dr. Li Jun	Beneficial owner	10,000,000 (L)	0.349%
Mr. Wang Wei-Lin	Beneficial owner	2,000,000 (L)	0.070%
Mr. Yu Kam Kee Lawrence	Beneficial owner	2,000,000 (L)	0.070%
Mr. Shan Li	Beneficial owner	10,000,000 (L)	0.349%

Notes:

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

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

3. The approximate percentage of interest is calculated based on the total number of issued shares of the Company of 2,865,120,000 as at 30 June 2010.

(b) Share options

Name of Director	Capacity/nature of interest	Number of options held	Number of underlying shares held
Mr. Wong Chau Chi	Beneficial owner	26,750,000	26,750000
Dr. Hui Liu	Beneficial owner	10,000,000	10,000,000
Mr. Chou Tsan-Hsiung	Beneficial owner	10,000,000	10,000,000
Mr. Yang Yi	Beneficial owner	20,000,000	20,000,000
Dr. Li Jun	Beneficial owner	10,000,000	10,000,000
Mr. Wang Wei-Lin	Beneficial owner	2,000,000	2,000,000
Mr. Yu Kam Kee Lawrence	Beneficial owner	2,000,000	2,000,000
Mr. Shan Li	Beneficial owner	10,000,000	10,000,000
		90,750,000	90,750,000

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

Other than as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions, whether beneficial or non-beneficial, in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2010 as required to be recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") which was adopted on 5 July 2005. During the Period, 230,500,000 share options were granted and 5,600,000 share options were exercised under the Scheme. Movements of the share options of the Company during the Period are listed below:

		Number of share options							
Category	Date of grant	Outstanding at 1 January 2010	Granted during the Period	Exercised during the Period	Cancelled and lapsed during the Period	Outstanding at 30 June 2010	Exercise price per share HKD	Vesting period	Exercise period
Director									
Mr. Wong Chau Chi	24 January 2007	12,500,000	–	–	(12,500,000)	–	0.475	24 January 2007 to 23 July 2008	24 July 2007 to 23 January 2010
	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
	23 February 2010	–	16,750,000	–	–	16,750,000	0.121	N/A	23 February 2010 to 22 February 2013
Dr. Hui Liu	24 November 2009	10,000,000	–	–	–	10,000,000	0.146	N/A	24 November 2009 to 23 November 2012
Mr. Chou Tsan-Hsiung	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Mr. Yang Yi	5 November 2009	15,000,000	–	–	–	15,000,000	0.128	N/A	5 November 2009 to 4 November 2012
	24 November 2009	5,000,000	–	–	–	5,000,000	0.146	N/A	24 November 2009 to 23 November 2012
Dr. Li Jun	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Mr. Wang Wei-Lin	5 November 2009	2,000,000	–	–	–	2,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Mr. Yu Kam Kee Lawrence	5 November 2009	2,000,000	–	–	–	2,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Mr. Shan Li	5 November 2009	10,000,000	–	–	–	10,000,000	0.128	N/A	5 November 2009 to 4 November 2012
Total directors		86,500,000	16,750,000	–	(12,500,000)	90,750,000			

Category	Date of grant	Outstanding at 1 January 2010	Granted during the Period	Exercised during the Period	Cancelled and lapsed during the Period	Outstanding at 30 June 2010	Exercise price per share HKD	Vesting period	Exercise period
		Number of share options							
Employee	23 August 2007	3,333,334	–	–	–	3,333,334	0.47	23 August 2007 to 22 August 2010	23 August 2010 to 22 August 2011
	25 September 2009	29,333,333	–	–	–	29,333,333	0.119	/A	25 September 2009 to 24 September 2012
	24 November 2009	4,000,000	–	–	–	4,000,000	0.146	N/A	24 November2009 to 23 November 2012
	3 June 2010	–	30,000,000	–	–	30,000,000	0.121	N/A	3 June 2010 to 2 June 2013
	18 June 2010	–	9,705,000	–	–	9,705,000	0.125	N/A	18 June 2010 to 17 June 2013
Total employee		36,666,667	39,705,000	–	–	76,371,667			
Consultants	24 January 2007	37,500,000	–	–	(37,500,000)	–	0.475	24 January 2007 to 23 July 2008	24 July 2007 to 23 January 2010
	25 September 2009	39,000,000	–	–	–	39,000,000	0.119	N/A	25 September 2009 to 24 September 2012
	24 November 2009	109,500,000	–	(5,600,000)	–	103,900,000	0.146	N/A	24 November 2009 to 23 November 2012
	23 February 2010	–	2,695,000	–	–	2,695,000	0.121	N/A	23 February 2010 to 22 February 2013
	3 June 2010	–	204,000,000	–	–	204,000,000	0.121	N/A	3 June 2010 to 2 June 2013
	18 June 2010	–	23,805,000	–	–	23,805,000	0.125	N/A	18 June 2010 to 17 June 2013
Total Consultants		186,000,000	230,500,000	(5,600,000)	(37,500,000)	373,400,000			
Total		309,166,667	286,955,000	(5,600,000)	(50,000,000)	540,521,667			

Save as disclosed above, the Company has no other options, warrant, derivatives, convertible notes or other securities of the Company convertible into or giving rights to subscribe for shares as at 30 June 2010.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, the register of the Company's substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors or chief executives of the Company, the following shareholders of the Company had notified the Company of the relevant interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation.

Name of Shareholder	Capacity/ nature of interest	Number of ordinary shares (Note 1)	Approximate percentage of interest
Hansom Group Limited (Note 2)	Beneficial owner	479,450,000 (L)	16.73%
Goodluck Overseas Limited (Note 2)	Interest of controlled corporation	479,450,000 (L)	16.73%
Zhou Qingzhi (Note 2)	Interest of controlled corporation	479,450,000 (L)	16.73%

Notes:

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

2. These shares represent the same parcel of Shares. Zhou Qingzhi is deemed to be interested in these Shares by virtue of his 64.25% interest in Goodluck Overseas Limited and Goodluck Overseas Limited is deemed to be interested in these Shares by virtue of its 100% interest in Hansom Group Limited.

Other than as disclosed above, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in any shares, underlying shares or debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2010.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Period, the Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the Period and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

CODE ON CORPORATE GOVERNANCE

In light of various amendments to the Listing Rules, particularly Appendix 14 thereto, which became effective on 1 January 2009, on 24 April 2009, the Company adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules with retrospective effect from 1 January 2009. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

On 2 March 2010, the Board has re-designated Mr. Shan Li from non-executive Director to an independent non-executive Director and he was also appointed as the chairman of the audit committee ("Audit Committee") of the Company with effect from the same date.

Since 2 March 2010, the Company has complied with the provisions of Rule 3.10(1) and 3.10(2) of the Listing Rules that sufficient number of independent non-executive Directors have been appointed and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

Furthermore, in compliance with Rule 3.21 of the Listing Rules, the Audit Committee was established by the Company on 5 July 2005 and, in light of the amendments to the Listing Rules (in particular Appendix 14 thereto) will effect from 1 January 2009, on 24 April 2009, the Audit Committee adopted new written terms of reference with retrospective effect from 1 January 2009. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

Since Mr. Shan Li was appointed as the chairman of the Audit Committee on 2 March 2010, the Company has complied with the provision of Rule 3.21 of the Listing Rules that the Audit Committee comprises three members and one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2). Moreover, the majority of the Audit Committee is independent non-executive Director and the chairman of the Audit Committee is an independent non-executive Director.

The audit committee of the Company comprises Mr. Shan Li, and Mr. Yu Kam Kee Lawrence, being independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Mr. Shan Li is the chairman of the Audit Committee.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed, with the management, the accounting principles and policies, audit, internal controls and financial reporting adopted by the Group, and the unaudited interim financial information for the Period and recommended its adoption by the Board. In addition, the Company's auditor, Deloitte Touche Tohmatsu has reviewed the unaudited interim financial information for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim financial information for the Period were approved by the Board on 27 August 2010.

For and on behalf of the Board
Wong Chau Chi
Chairman

Hong Kong, 27 August 2010

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF CMMB VISION HOLDINGS LIMITED

(FORMERLY KNOWN AS GLOBAL FLEX HOLDINGS LIMITED)

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 45, which comprises the condensed consolidated statement of financial position of CMMB Vision Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

Except as described in the basis for qualified conclusion paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION

(a) Impairment of property, plant and equipment

As set out in the condensed consolidated statements of comprehensive income, the Group incurred a loss of US$17,385,316 for the six months ended 30 June 2009. In addition, the production activities of certain of the Group's facilities were suspended during that period. Furthermore, the Group entered into a conditional sale and purchase agreement on 30 July 2009 to dispose of certain property, plant and equipment used for the production of flexible printed circuit boards and flexible printed circuit boards assembly (the "Transaction") at a significant loss subsequent to 30 June 2009. These factors, in our opinion, constituted indicators of impairment of the property, plant and equipment. However, no impairment loss was recognised for the six months ended 30 June 2009. We were unable to perform satisfactory procedures to satisfy ourselves that the recoverable amounts of the property, plant and equipment exceeded its carrying amounts as at 30 June 2009 and whether (i) the potential loss arising from the Transaction should be recognised during the six months ended 30 June 2009; and (ii) any additional impairment loss should be recognised during the six months ended 30 June 2009 in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" issued by the HKICPA. Our report on the interim financial information for the six months ended 30 June 2009 was qualified accordingly. Any adjustments found to be necessary would affect the Group's loss for the six months ended 30 June 2009.

(b) Fair value and carrying amounts on convertible loan notes

As detailed in note 13 to the interim financial information, during the year ended 31 December 2009, convertible loan notes with principal amounts of HK$20,999,910, (equivalent to US$2,709,665) were converted into 719,175,000 ordinary shares in the share capital of the Company.The fair values of the liability component of convertible loan notes and conversion option derivative were determined on initial recognition by the directors of the Company. In addition, the carrying amount of the conversion option derivative at 30 June 2009 and the relevant dates of conversion of the convertible loan notes were also determined by the directors of the Company. However, we were unable to obtain sufficient evidence to satisfy ourselves as to whether the valuation methodology and the assumptions adopted by the directors of the Company in these valuations of the liability component of convertible loan notes and conversion option derivative on initial recognition and the valuation of the conversion option derivative and at the relevant dates of conversion were appropriate. There were no other alternative procedures that we could carry out to satisfy ourselves as to whether the liability component of convertible loan notes and the conversion option derivative are fairly stated on initial recognition and at the relevant dates of conversion of the convertible loan notes in accordance with the requirements of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA. Our reports on the interim financial information for the six months ended 30 June 2009 and consolidated financial statements for the year ended 31 December 2009 were qualified accordingly. Any adjustments found to be necessary may have an effect on the Group's loss for the six months ended 30 June 2009 and the related disclosures thereof in the condensed consolidated financial statements.

QUALIFIED CONCLUSION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for the effect of such adjustments, if any, to the loss for the six months ended 30 June 2009, which might have been determined to be necessary had we been able to obtain sufficient information concerning the matters as described in the basis of qualified conclusion paragraphs, based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

EMPHASIS OF MATTER

Without further qualifying our conclusion, we draw attention to note 1 to the interim financial information which indicates that the Group incurred a loss of US$7,091,752 during the six months ended 30 June 2010 and as of that date, the Group's liabilities exceeded its assets by US$5,110,721. As further detailed in note 1 to the condensed consolidated financial statements, the Group has identified measures to improve its financial position, certain of which have not yet been implemented. The Group's ability to continue as a going concern is dependent on the successful implementation of these measures. These conditions therefore indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 August 2010

	NOTES	Six months ended 30 June 2010 US$ (unaudited)	2009 US$ (unaudited) (restated)
Continuing operations			
Revenue	3	**5,897,164**	126,080
Cost of sales		**(8,715,488)**	(6,069,412)
Gross loss		**(2,818,324)**	(5,943,332)
Other income		**663,225**	968,371
Distribution and selling expenses		**(138,769)**	(122,603)
Administrative expenses		**(3,203,425)**	(2,322,998)
Other expenses		**(2,043,097)**	—
Impairment loss on trade and other receivables, net reversed (recognised)		**1,194,764**	(268,278)
Gain on disposal on an available-for-sale investment		**2,755**	—
Loss on disposal on property, plant and equipment		**(9,618)**	(683,189)
Finance costs		**(739,263)**	(1,012,482)
Loss for the period from continuing operations	5	**(7,091,752)**	(9,384,511)
Discontinued operations			
Loss for the period from discontinued operations	6	**—**	(8,000,805)
Loss for the period		**(7,091,752)**	(17,385,316)
Other comprehensive income			
Exchange differences arising on translation		**33,336**	23,134
Total comprehensive expense for the period		**(7,058,416)**	(17,362,182)
		US cents	US cents
Loss per share	8		
From continuing and discontinued operations – Basic and diluted		**(0.26)**	(1.07)
From continuing operations – Basic and diluted		**(0.26)**	(0.58)

	NOTES	30 June 2010 US$ (unaudited)	31 December 2009 US$ (audited)
Non-current assets			
Property, plant and equipment	9	**20,122,575**	21,603,268
Prepaid lease payments -non-current portion		**877,412**	1,100,588
Available-for-sale investments	10	**26,824**	3,676,678
Advance payments in respect of CMMB projects	11	**1,998,328**	—
		23,025,139	26,380,534
Current assets			
Inventories		**1,747,729**	671,800
Trade and other receivables	12	**11,437,395**	8,269,254
Prepaid lease payments - current portion		**459,496**	456,986
Bank balances and cash		**4,643,318**	2,721,621
		18,287,938	12,119,661
Current liabilities			
Trade and other payables	13	**13,150,302**	13,046,764
Amount due to a related company		**55,445**	199,916
Amount due to a director		**—**	154,129
Other borrowing - due within one year		**589,023**	585,806
		13,794,770	13,986,615
Net current assets (liabilities)		**4,493,168**	(1,866,954)
		27,518,307	24,513,580

	NOTES	30 June 2010 US$ (unaudited)	31 December 2009 US$ (audited)
Capital and reserves			
Share capital	14	**3,696,929**	2,979,580
Share premium and reserves		**(8,807,650)**	(11,318,208)
		(5,110,721)	(8,338,628)
Non-current liabilities			
Bank borrowings - due after one year	15	**23,622,631**	23,566,815
Other payables		**9,006,397**	9,285,393
		32,629,028	32,852,208
		27,518,307	24,513,580

	Share capital US$	Share premium US$	Merger reserve US$ (note i)	Statutory reserve US$ (note ii)	Distributable reserve US$ (note 14(i))	Capital reserve US$ (note 16)	Share options reserve US$	Exchange reserve US$	Accumulated losses US$	Total US$
As at 1 January 2009 (audited)	20,516,129	17,315,203	31,987,096	6,391,242	–	1,639,897	1,245,429	17,940,976	(67,950,043)	29,085,929
Exchange differences arising on translation	–	–	–	–	–	–	–	23,134	–	23,134
Loss for the period	–	–	–	–	–	–	–	–	(17,385,316)	(17,385,316)
Total comprehensive income (expense) for the period	–	–	–	–	–	–	–	23,134	(17,385,316)	(17,362,182)
Capital reorganisation	(18,464,516)	–	–	–	18,464,516	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	25,824	–	–	25,824
Forfeiture of share options	–	–	–	–	–	–	(395,958)	–	395,958	–
Issue of share upon conversion of convertible notes	309,322	648,629	–	–	–	–	–	–	–	957,951
As at 30 June 2009 (unaudited)	2,360,935	17,963,832	31,987,096	6,391,242	18,464,516	1,639,897	875,295	17,964,110	(84,939,401)	12,707,522
Exchange differences arising on translation	–	–	–	–	–	–	–	(6,975)	–	(6,975)
Loss for the period	–	–	–	–	–	–	–	–	(26,244,845)	(26,244,845)
Total comprehensive expense for the period	–	–	–	–	–	–	–	(6,975)	(26,244,845)	(26,251,820)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	3,238,068	–	–	3,238,068
Issue of shares upon conversion of convertible notes	618,645	1,348,957	–	–	–	–	–	–	–	1,967,602
Release on disposal of subsidiaries	–	–	–	–	–	–	–	(5,280,042)	5,280,042	–
As at 31 December 2009 (audited)	2,979,580	19,312,789	31,987,096	6,391,242	18,464,516	1,639,897	4,113,363	12,677,093	(105,904,204)	(8,338,628)
Exchange differences arising on translation	–	–	–	–	–	–	–	33,336	–	33,336
Loss for the period	–	–	–	–	–	–	–	–	(7,091,752)	(7,091,752)
Total comprehensive income (expense) for the period	–	–	–	–	–	–	–	33,336	(7,091,752)	(7,058,416)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	2,582,830	–	–	2,582,830
Forfeiture of share options	–	–	–	–	–	–	(761,935)	–	761,935	–
Exercise of share options	7,226	175,398	–	–	–	–	(77,127)	–	–	105,497
Issue of shares	710,123	6,901,550	–	–	–	–	–	–	–	7,611,673
Transaction costs related to issue of shares and exercise of share options	–	(13,677)	–	–	–	–	–	–	–	(13,677)
As at 30 June 2010 (unaudited)	**3,696,929**	**26,376,060**	**31,987,096**	**6,391,242**	**18,464,516**	**1,639,897**	**5,857,131**	**12,710,429**	**(112,234,021)**	**(5,110,721)**

Notes:

(i) The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of Global Technology International Ltd., a subsidiary of the Company acquired pursuant to a group reorganisation on 5 July 2005.

(ii) Pursuant to the relevant regulations applicable to foreign investment enterprises established in the People's Republic of China (the "PRC"), certain PRC subsidiaries of the Company are required to transfer certain percent of its profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to offset accumulated losses or increase capital.

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
Net cash used in operating activities		
Decrease in inventories	**924,994**	3,556,557
(Increase) decrease in trade and other receivables	**(2,000,346)**	7,669,433
Decrease in trade and other payables	**(459,114)**	(5,408,965)
Other operating cash flows	**(5,231,173)**	(6,966,799)
	(6,765,639)	(1,149,774)
Net cash from (used in) investing activities		
Proceeds from disposal of an available-for-sale investment	**3,652,755**	—
Advance payments in respect of CMMB projects	**(1,998,328)**	—
Purchase of property, plant and equipment	**(246,215)**	(87,572)
Other investing cash flows	**(10,950)**	484
	1,397,262	(87,088)
Net cash from (used in) financing activities		
Proceeds from issue of shares	**7,611,673**	—
Proceeds from exercise of share options	**105,497**	—
Costs related to shares issue and exercise of share options	**(13,677)**	—
Repayment of bank borrowings	**—**	(3,288,731)
New bank borrowings raised	**—**	3,190,633
Other financing cash flows	**(441,745)**	(1,533,139)
	7,261,748	(1,631,237)
Net increase (decrease) in cash and cash equivalents	**1,893,371**	(2,868,099)
Cash and cash equivalents at beginning of the period	**2,721,621**	5,627,793
Effect of foreign exchange rate changes	**28,326**	883
Cash and cash equivalents at end of the period, represented by bank balances and cash	**4,643,318**	2,760,577

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of a loss of US$7,091,752 for the six months ended 30 June 2010 and the Group's liabilities exceeded its assets as at 30 June 2010 by US$5,110,721.

In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the coming year taking into consideration of the measures to improve its financial position, but is not limited to, as the following:

(a) Subsequent to implementation of the restructuring plan, the Company has been in active negotiation on domestic and overseas China Mobile Multimedia Broadcasting ("CMMB") acquisition and takeover projects, with the aim of becoming a CMMB mobile multimedia services operator and provider in the near future;

(b) The Company is planning cooperation with domestic institutions to establish and operate provincial CMMB interactive multimedia channels in Liaoning, Yunnan and certain other provinces in the People's Republic of China (the "PRC"), which will be supported by over 40,000 hours' programs. The Company also wishes to consolidate this business as soon as practicable;

(c) The Company is also in negotiation with overseas institutions on the joint development of CMMB business in developing countries such as Mongolia, Indonesia and countries in Africa. The Company expects to see positive results soon;

(d) The directors of the Company expected the Company will close current negotiation on potential acquisition and development projects by the end of 2010, and the Company intends to invest through shares and cash in order to minimize its capital cost;

(e) The Company expects that, following the acquisition, its business model will be gradually shifted from a rigid printed circuit boards factory to a mobile television multimedia and internet services provider. The new business operation requires less capital than manufacturing does, currently estimated to be approximately RMB30 million for the first year, which will help to improve the overall profit margin of the Company. Details are set out in the Company's announcement dated 2 July 2010.

1. BASIS OF PREPARATION *(Continued)*

The directors of the Company consider these measures will effectively improve liquidity of the Group and are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations, including bank borrowings and other payables of US$23,622,631 and US$9,006,397, respectively, repayable from December 2012 onward. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the conversion option derivative of conversion loan notes, which are measured at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised) and HKAS 27 (Revised) had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendment to HKAS 17 "Leases"

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.

In accordance with the transitional provisions of HKAS 17 "Leases", the Group reassessed the classification of land elements of unexpired leases at 1 January 2010 based on information which existed at the inception of these leases. No land elements met finance lease classification requirement and no reclassification is required.

The adoption of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

HKFRS 8 "Operating Segments", requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the executive directors) in order to allocate resources to segments and to assess their performance.

The Group's continuing operations have two operating segments based on its major products: (i) rigid printed circuit boards; and (ii) rigid printed circuit boards assembly. Each operating segment derives its revenue from the sale of products. They are managed separately because each product requires different technology and marketing strategies.

The Group involved in manufacture and sale of flexible printed circuit boards and flexible printed circuit boards assembly. These operations were discontinued with effect from 27 September 2009 (see note 6). The comparative figures related to discontinued operations have been re-presented.

3. SEGMENT INFORMATION *(Continued)*

Any analysis of the Group's segment information by operating segment for continuing operations is as follows:

Continuing operations

Six months ended 30 June 2010 (unaudited)

	Rigid printed circuit boards US$	**Rigid printed circuit boards assembly US$**	**Consolidated US$**
Revenue from external customers	**5,897,164**	**—**	**5,897,164**
Cost of sales	**(10,716,411)**	**—**	**(10,716,411)**
Distribution and selling expenses	**(138,769)**	**—**	**(138,769)**
Segment loss	**(4,958,016)**	**—**	**(4,958,016)**

Six months ended 30 June 2009 (unaudited)

	Rigid printed circuit boards US$	Rigid printed circuit boards assembly US$	Consolidated US$
Revenue from external customers	62,358	63,722	126,080
Cost of sales	(4,600,341)	(245,491)	(4,845,832)
Distribution and selling expenses	(98,120)	(24,483)	(122,603)
Segment loss	(4,636,103)	(206,252)	(4,842,355)

Segment loss represents gross loss plus distribution and selling expenses excluding the write-down of inventories and reversal of write-down of inventories. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

3. SEGMENT INFORMATION *(Continued)*

Continuing operations *(Continued)*

Segment loss is reconciled to loss for the period of the Group as follows:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Total segment loss	**(4,958,016)**	(4,842,355)
Unallocated items:		
Interest income	**8,195**	484
Other income	**655,030**	967,887
Gain on disposal on an available-for-sale investment	**2,755**	—
Impairment loss on trade and other receivables, net reversed (recognised)	**1,194,764**	(268,278)
Reversals of write-down of inventories	**2,000,923**	—
Interest expenses	**(739,263)**	(1,012,482)
Write-down of inventories	**—**	(1,223,580)
Loss on disposal of property, plant and equipment	**(9,618)**	(683,189)
Other expenses	**(5,246,522)**	(2,322,998)
Loss for the period from continuing operations	**(7,091,752)**	(9,384,511)

4. TAXATION

No provision for Hong Kong Profits Tax and Taiwan Income Tax has been made as the Group's profit neither arises in, nor derived from Hong Kong and Taiwan.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% from 1 January 2008 onward. No provision for PRC income tax has been made in the condensed consolidated financial statements as all of the PRC subsidiaries did not have taxable income for both periods.

Pursuant to the relevant laws and regulations in the PRC, Global Flex (Suzhou) Company Limited ("Global Flex (Suzhou)"), the PRC subsidiary of the Company, is entitled to the exemptions from the PRC EIT for two years starting from its first profit-making year and to a 50% relief from the EIT for the following three years ("Tax Holidays").

The first profit-making year of Global Flex (Suzhou) is the year ended 31 December 2002. In December 2005, Global Flex (Suzhou) re-invested and increased its capital by US$16,000,000 to US$48,000,000. As a result, Global Flex (Suzhou) is entitled to another Tax Holidays on a capital proportionate basis from the date of reinvestment subject to the approval by the relevant tax authority. Upon approval obtained from relevant tax authority, one-third of the taxable profit of Global Flex (Suzhou) is subject to the Tax Holidays from 2005 to 2009. The tax rate of Global Flex (Suzhou) is approximately 20.83% and 25% for six months ended 30 June 2009 and 2010, respectively.

The EIT Law imposes withholding tax upon distribution of the profits earned by the PRC subsidiaries on or after 1 January 2008 to their shareholders. No deferred tax liability has been recognised in respect of such withholding tax due to absence of undistributed profits for both periods.

5. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss for the period from continuing operations has been arrived at after charging (crediting):

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited) (restated)
Depreciation of property, plant and equipment	**1,676,349**	1,725,126
Interest on bank and other borrowings wholly repayable within five years	**739,263**	929,133
Effective interest expense on convertible loan notes	**—**	83,349
Redundancy cost	**—**	228,099
Share-based payments to consultants (included in other expenses) (note iii)	**2,043,097**	—
Release of prepaid lease payments	**228,049**	222,912
(Reversals of) write-down of inventories (note i)	**(2,000,923)**	1,223,580
Impairment loss on trade and other receivables, net (reversed) recognised (note ii)	**(1,194,764)**	268,278
Bank interest income	**(8,195)**	(484)

Notes:

(i) During the six months ended 30 June 2010, there were sales of inventories of which the inventories were sold at the selling price over their net realisable values. As a result, reversals of write down of inventories of US$2,000,923 (1.1.2009 to 30.6.2009: nil) has been recognised. During the six months ended 30 June 2009, there were some inventories stated higher than the net realisable value. As a result, a written down of US$1,223,580 had been recognised.

(ii) During the six months ended 30 June 2010, there were repayments from debtors which were written-off by the Group in prior year. As a result, a reversal of impairment of trade and other receivables of US$1,194,764 (1.1.2009 to 30.6.2009: nil) had been recognised.

(iii) During the six months ended 30 June 2010, there were share-based payments expenses to consultants in respect of the consultants services rendered for the development of CMMB business. The amounts are charged to the profit or loss as they do not qualify for recognition of assets.

6. DISCONTINUED OPERATIONS

On 30 July 2009, the Group entered into a share sale agreement to dispose of the entire interest in a wholly-owned subsidiary, Global Flex (Suzhou) Plant II Co. Ltd. ("Global Flex (Suzhou) Plant II") incorporated in the PRC (the "Share Sale Agreement"), and an asset sale agreement to dispose of certain property, plant and equipment of Global Flex (Suzhou) (the "Asset Sale Agreement"). The transactions contemplated under the Share Sale Agreement and the Asset Sale Agreement were entered into by the Group with the same counter party on the same date. Both disposals were completed on 27 September 2009. After these disposals, the Group discontinued the production of flexible printed circuit boards and flexible printed circuit boards assembly.

The comparative figures related to discontinued operations have been re-presented.

The net loss for the period from the discontinued operations is analysed as follows:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
		(restated)
Loss for the period from discontinued operations	—	(8,000,805)

The results of the discontinued operations for the period from 1 January 2009 to 30 June 2009, which have been included in the condensed consolidated statement of comprehensive income, were as follows:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
		(restated)
Revenue	—	3,276,808
Cost of sales	—	(9,461,773)
Impairment loss on trade and other receivables	—	(622,030)
Distribution and selling expenses	—	(186,046)
Administrative expenses	—	(1,007,764)
Loss for the period	—	(8,000,805)

6. DISCONTINUED OPERATIONS *(Continued)*

Loss for the period from discontinued operations including:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
		(restated)
Depreciation of property, plant and equipment and release of prepaid lease payments	—	(3,360,642)
Write-down of inventories	—	(1,494,938)
Impairment loss on trade and other receivables	—	(622,030)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment for discontinued operations:

Six months ended 30 June 2009 (unaudited)

	Flexible printed circuit boards US$	Flexible printed circuit boards assembly US$	Total US$
Revenue from external customers	621,660	2,655,148	3,276,808
Cost of sales	(4,323,657)	(3,643,178)	(7,966,835)
Distribution and selling expenses	(117,673)	(68,373)	(186,046)
Segment loss	(3,819,670)	(1,056,403)	(4,876,073)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents gross loss plus distribution and selling expenses excluding the write-down of inventories. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance measurement.

6. DISCONTINUED OPERATIONS *(Continued)*

Segment revenue and results *(Continued)*

Segment loss are reconciled to loss before taxation for discontinued operations as follows:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
		(restated)
Discontinued operations		
Segment loss	**—**	(4,876,073)
Unallocated expenses:		
Write-down of inventories	**—**	(1,494,938)
Impairment loss on trade and other receivables	**—**	(622,030)
Administrative expenses	**—**	(1,007,764)
Loss for the period for discontinued operations	**—**	(8,000,805)

7. DIVIDENDS

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

8. BASIC AND DILUTED LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributed to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
Loss for the period for the purposes of basic and diluted loss per share	**(7,091,752)**	(17,385,316)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,683,411,077**	1,617,813,398

8. BASIC AND DILUTED LOSS PER SHARE *(Continued)*

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss per share are calculated as follows:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	**(7,091,752)**	(17,385,316)
Less: loss for the period from discontinued operations	—	8,000,805
Loss for the period for the purposes of basic and diluted loss per share from continuing operations	**(7,091,752)**	(9,384,511)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

For the six months ended 30 June 2009, basic and diluted loss per share for the discontinued operations was US$0.0049 per share, based on the loss for the period from the discontinued operations of US$8,000,805 and the denominators detailed above for both basic and diluted loss per share.

No adjustment for share options was made in calculating diluted loss per share for the six months ended 30 June 2010 as the exercise of share options would result in decrease in loss per share.

No adjustment for share options and convertible loan notes was made in calculating diluted loss per share for the six months ended 30 June 2009 as the exercise price of the Company's outstanding share options was higher than the average market price for the period and conversion of convertible loan notes would result in decrease in loss per share.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group disposed of certain plant and machinery with a carrying amount of US$9,618 (2009: US$3,150,851) without any consideration (2009: for offset with other payable of US$2,467,662), resulting in a loss on disposal of US$9,618 (1.1.2009 to 30.6.2009: US$683,189).

In addition, the Group spent approximately US$33,887 (1.1.2009 to 30.6.2009: US$164,000) as additions to machinery and equipment in the PRC, in order to expand its manufacturing capabilities.

10. AVAILABLE-FOR-SALE INVESTMENTS

During the six months ended 30 June 2010, the Group disposed of certain unlisted equity securities with carrying amount of US$3,650,000, which had been carried at cost less impairment before the disposal. A gain on disposal of US$2,755 has been recognised in profit or loss for the current reporting period.

The remaining amount of available-for-sale investments represents the club debenture which is held on a long-term basis.

11. ADVANCE PAYMENTS IN RESPECT OF CMMB PROJECTS

During the six months ended 30 June 2010, the Company cooperates with three domestic institutions to establish and operate provincial CMMB interactive multimedia channels in Liaoning, Yunnan and certain other provinces in the PRC. Advance payments of US$1,998,328 were paid to these three domestic institutions. The Group does not enter into any formal agreements up to the date of report. However, the directors of the Company expected the formal agreements will be entered into and the projects will be commenced before the end of 2010.

12. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period ranged from 30 days to 150 days to its trade customers.

The analysis of trade receivables by age, presented based on the invoice date, net of allowance for doubtful debts as at the end of the reporting period are as follows:

	As at 30 June 2010 US$ (unaudited)	As at 31 December 2009 US$ (audited)
Trade receivables:		
0 - 30 days	**1,286,182**	583,281
31 - 60 days	**1,490,021**	2,620,957
61 - 90 days	**1,442,520**	473,081
91 - 120 days	**264,229**	—
121 - 150 days	**163,600**	—
Over 150 days	**806,247**	25,074
	5,452,799	3,702,393
Other receivables	**5,984,596**	4,566,861
	11,437,395	8,269,254

13. TRADE AND OTHER PAYABLES

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

	As at 30 June 2010 US$ (unaudited)	As at 31 December 2009 US$ (audited)
Trade payables:		
0 - 90 days	**1,540,297**	3,331,265
91 - 120 days	**27,301**	42,759
121 - 180 days	**5,485**	—
181 - 365 days	**18,300**	24,783
Over 365 days	**2,968,177**	2,897,618
	4,559,560	6,296,425
Other payables	**8,590,742**	6,750,339
	13,150,302	13,046,764

14. SHARE CAPITAL

	Number of shares	**Nominal value** HK$
Authorised:		
Ordinary shares of HK$0.1 each as at 1 January 2009	5,000,000,000	500,000,000
Adjustment to nominal value (Note i)	—	(450,000,000)
	5,000,000,000	50,000,000
Subdivision (Note i)	45,000,000,000	450,000,000
Ordinary shares of HK$0.01 each as at 30 June 2009, 31 December 2009 and 30 June 2010	50,000,000,000	500,000,000

14. SHARE CAPITAL *(Continued)*

	Number of shares	Nominal value HK$	Shown as US$
Issued and fully paid:			
Ordinary shares of HK$0.1 each as at 1 January 2009	1,590,000,000	159,000,000	20,516,129
Adjustment to nominal value (Note i)	—	(143,100,000)	(18,464,516)
Ordinary shares of HK$0.01 each	1,590,000,000	15,900,000	2,051,613
Conversion of convertible notes (Note ii)	239,725,000	2,397,250	309,322
Ordinary shares of HK$0.01 each as at 30 June 2009	1,829,725,000	18,297,250	2,360,935
Conversion of convertible notes (Note ii)	479,450,000	4,794,500	618,645
Ordinary shares of HK$0.01 each as at 31 December 2009	2,309,175,000	23,091,750	2,979,580
Issue of new shares (Note iii)	550,345,000	5,503,450	710,123
Exercise of share options (Note 17)	5,600,000	56,000	7,226
At 30 June 2010	2,865,120,000	28,651,200	3,696,929

14. SHARE CAPITAL *(Continued)*

Notes:

(i) On 19 January 2009, an extraordinary general meeting of the Company was held and the resolutions of the reorganisation of the share capital of the Company involving reduction of the authorised share capital and issued share capital by reducing the nominal value of each share in issue from HK$0.10 to HK$0.01 and cancelling paid-up capital to the extent of HK$0.09 for each issue share and the sub-division of each authorised and unissued shares of HK$0.10 each into 10 unissued shares of HK$0.01 each (the "Capital Reorganisation") were approved. The capital reduction amount as a result of the Capital Reorganisation was transferred to a distributable reserve account of the Company.

The Capital Reorganisation become effective after the approval from the Grand Court of the Cayman Islands on 29 April 2009.

(ii) During the six months ended 30 June 2009, convertible loan notes with principal amounts of HK$6,999,970, (equivalent to US$903,226) were converted into 239,725,000 ordinary shares of HK$0.01 each in the share capital of the Company at the conversion prices of HK$0.0292 per share.

During the second half of 2009, convertible loan notes with principal amounts of HK$13,999,940 (equivalent to US$1,806,439) were converted into 479,450,000 ordinary shares of HK$0.01 each in the share capital of the Company at the conversion price of HK$0.0292 per share.

(iii) On 7 January 2010, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 200,000,000 new shares of the Company for an aggregate consideration of HK$20,600,000 (equivalent to US$2,658,065) at a subscription price of HK$0.103 per ordinary share representing a discount of approximately 16% to the closing market price of HK$0.123 per share of the Company on 7 January 2010.

On 28 January 2010, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 165,945,000 new shares of the Company for an aggregate consideration of HK$17,922,060 (equivalent to US$2,312,524) at a subscription price of HK$0.108 per ordinary share representing a discount of approximately 11% to the closing market price of HK$0.121 per share of the Company on 28 January 2010.

On 25 May 2010, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 184,400,000 new shares of the Company for an aggregate consideration of HK$20,468,400 (equivalent to US$2,641,084) at a subscription price of HK$0.111 per ordinary share representing a discount of approximately 6% to the closing market price of HK$0.118 per share of the Company on 25 May 2010.

15. BANK BORROWINGS

During the six months ended 30 June 2009, the Group obtained new bank loans amounting to approximately US$3,191,000 as additional working capital and made repayment of approximately US$3,289,000. During the current period, no new bank loan was obtained and repaid. The loans at 30 June 2010 carry fixed interest at 4.78% (31.12.2009: 4.78%) per annum, and are repayable by three installments on 31 December 2012, 31 December 2013 and 31 December 2014, respectively, pursuant to the debt restructuring plan.

16. CAPITAL RESERVE

Capital reserve represents of the capital contribution from the controlling shareholder of the Company through the shares granted by the controlling shareholders to the employees of the Company. During the year ended 31 December 2008, a controlling shareholder of the Company bestowed 26,600,000 ordinary shares in the Company to several employees of the Company. The market price per share of the Company at the date of grant was HK$0.162. This transaction has been accounted for as an equity-settled share-based payment transaction and the Company measured the services rendered, and the corresponding increase in equity, by reference to the fair value of the shares given at the grant date. The Group has recognised total expenses of US$556,026 in the consolidated statement of comprehensive income during the year ended 31 December 2008.

17. SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible directors, employees and consultants of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 January 2009	85,000,000
Forfeited during the period	(15,833,333)
Outstanding at 30 June 2009	69,166,667
Granted during the period	255,833,333
Forfeited during the period	(15,833,333)
Outstanding at 31 December 2009	309,166,667
Granted during the period	286,955,000
Forfeited during the period	(50,000,000)
Exercised during the period	(5,600,000)
Outstanding at 30 June 2010	540,521,667

17. SHARE-BASED PAYMENTS *(Continued)*

The closing price of the Company's shares immediately before 23 February 2010, 3 June 2010 and 18 June 2010, the dates of grant, were HK$0.121, HK$0.120 and HK$0.125 respectively.

On 16 April 2010, 5,600,000 share options were exercised by a consultant at subscription price of HK$0.146. The weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK$0.173.

In the current period, share options of 19,445,000, 234,000,000, and 33,510,000 were granted on 23 February 2010, 3 June 2010 and 18 June 2010, respectively. Total 286,955,000 share options were granted during the period, in which share options of 16,750,000, 39,705,000, and 230,500,000 were granted to the directors, employees, and consultants, respectively. The consultants provide consultancy services rendered for development of CMMB business. The fair values of the options determined at the dates of grant using the Black-Scholes option pricing model were HK$1,579,058 (equivalent to US$203,750), HK$16,035,313 (equivalent to US$2,081,985) and HK$2,302,484 (equivalent to US$297,095) respectively. Pursuant to the share option scheme, the share options were vested immediately upon the share options granted.

The following assumptions were used to calculate the fair values of share options:

	23 February 2010	3 June 2010	18 June 2010
Grant date share price	HK$0.121	HK$ 0.120	HK$ 0.125
Exercise price	HK$0.121	HK$ 0.121	HK$ 0.125
Expected life	3 years	3 years	3 years
Expected volatility (Note)	106.86%	85.14%	80.43%
Dividend yield	Nil	Nil	Nil
Risk-free interest rate	5%	5%	5%

Note: Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

17. SHARE-BASED PAYMENTS *(Continued)*

The Group has recognised total expenses in condensed consolidated statement of comprehensive income of approximately US$2,583,000 (1.1.2009 to 30.6.2009: US$26,000) related to equity-settled share-based payment transactions during the period.

18. MATERIAL LITIGATION

As at 30 June 2010, a subsidiary of the Company have been named as defendants in several PRC court actions in respect of default payment of payable to suppliers and creditors for an aggregate amount of approximately US$1,952,000 (31.12.2009: US$2,040,000). The claimed amounts were fully provided in the condensed consolidated financial statements and included in trade and other payables.

19. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

		Six months ended 30 June	
Name of related parties	**Nature of transactions**	**2010 US$ (unaudited)**	2009 US$ (unaudited)
Chi Capital Partners Limited	Rental paid	**174,194**	29,419
Chi Capital Securities Limited	Consultancy fee paid	**30,968**	30,968

In addition to above, for the six months ended 30 June 2010 and 2009, certain properties held by Mr. Wong Chau Chi, Charles, a director of the Company, were occupied by a subsidiary for nil consideration.

Chi Capital Partners Limited and Chi Capital Securities Limited are beneficially owned by Mr. Wong Chau Chi, Charles.

19. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of directors and key executives of the Group, as determined by the remuneration committee, having regard to the performance of individuals and market trends, were as follows:

	Six months ended 30 June	
	2010	2009
	US$	US$
	(unaudited)	(unaudited)
Short-term benefits	**86,040**	731,788
Share-based payments	**175,512**	—
	261,552	731,788