CMMB VISION

CMMB Vision Holdings Limited

中國移動多媒體廣播控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

2015 Interim Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. CHOU Tsan-Hsiung
Mr. YANG Yi

Independent Non-executive Directors

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

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ms. Chan Pui Yee Janice

AUTHORISED REPRESENTATIVES

Mr. WONG Chau Chi
Ms. Chan Pui Yee Janice

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISOR AS TO HONGKONG LAW

Orrick, Herrington & Sutcliffe

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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 (the "Company") is investment holding whilst its subsidiaries are mainly engaged in provision of China Mobile Multimedia Broadcasting ("CMMB") and agency services.

After restructuring and reorganization from previous manufacturing and sale of rigid printed circuit boards and rigid printed circuit board assembly in 2011, the Company started its business in provision of CMMB services. The Company is a leading next generation mobile multimedia network and service provider which is potentially market disruptive to providing mobile internet and entertainment services in the coming internet era.

The Company entered agreement to acquire seven UHF spectrum television ("TV") stations in seven top cities in the United States of American ("USA"), including Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami, and Tampa. The acquisition expanded the Company's portfolio to a total of 12 TV stations in addition to the New York market. The portfolio gives the Company an unique wireless spectrum network to not only deliver free-to-air digital TV programming to a much larger audience coverage with operating efficiencies and revenue opportunities, but also well-position it to deploy a next-generation mobile broadcasting service platform for new media services extended from home to mobile users and vehicles.

The Company deploys CMMB/NGB-W mobile digital broadcasting technology which can converge with other mobile technologies such as 3G, LTE and WiFi to create the groundbreaking interactive mobile broadcasting system. It has a wireless UHF TV network over 8 major cities in the US under preparation for potential deployment of the CMMB-LTE network, and is operating a digital broadcasting service in New York.

FINANCIAL REVIEW

For the six months ended 30 June 2015 ("Period"), the Group recorded loss for the period of US$3,862,704 as compared to US$2,435,455 for the same period in 2014, representing an increase of approximately 59%. Loss per share was US0.10 cents (six months ended 30 June 2014: US0.19 cents, restated) and net assets per share attributable to owners of the Company was US1.43 cents (31 December 2014: US1.43 cents).

Revenue

For the Period, the Group is engaged in provision of transmission and broadcasting of telephone programs and agency services with revenue of US$638,991 (six months ended 30 June 2014: US$393,511). The increase in revenue of approximately US$245,000 or 62% was mainly contributed by the provision of agency services from trading business.

Cost of sales

Cost of sales mainly includes staff costs, operating lease payments and amortisation of intangible assets. The decrease in cost of sales of US$199,677 or 32% was due to the reduction of amortisation of intangible assets of approximately US$153,000 for the current period.

Gross profit (loss)

Gross profit has further improved to US$223,656 for the current Period as compared to gross loss of US$221,501 for the same period in 2014, which was arisen from the decrease in gross loss of CMMB business and increase in gross profit of trading business.

Administrative expenses

During the Period, the Group's administrative expenses increased by 55% to US$626,911 (six months ended 30 June 2014: US$404,337) which is mainly due to the increase in staff costs.

Market development and promotion expenses

During the Period, the Group's market development and promotion expenses increased by 19.6 times to US$2,648,215 (six months ended 30 June 2014: US$128,713) which is mainly due to the increase in consultancy service fees for business development and travelling expenses for attending business conferences and meetings.

Other expenses

Other expenses mainly include share-based payments expense to consultants of Nil (six months ended 30 June 2014: US$600,879) and corporate legal and professional fee of US$236,576 (six months ended 30 June 2014: US$587,337) for the placement of new shares and other potential investment and acquisitions.

Finance costs

Finance costs of the Group for the Period amounted to US$500,443 (six months ended 30 June 2014: US$475,168) which mainly represents effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the six months ended 30 June 2015.

INTERIM DIVIDEND

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had equity attributable to owners of the Company of US$56,407,275 (31 December 2014: US$53,965,809). Current assets amounted to US$14,826,542 which mainly comprises bank balances and cash of US$11,465,525 and trade and other receivables of US$3,210,036. Current liabilities amounted to US$30,575,640 which mainly comprises trade payables of US$1,701,034, deposits received for share placement of US$20,818,633 and convertible notes of US$6,975,725.

As at 30 June 2015, the Group's current ratio was 0.5 (31 December 2014: 1.3) and the gearing ratio (a ratio of total loans to total assets) was 7% (31 December 2014: 10%).

FOREIGN EXCHANGE EXPOSURE

For the Period, most assets, liabilities and transactions of the Group are denominated in US$. The management of the Group believes that foreign exchange risk does not affect the Group, therefore, the Group did not make any hedging arrangement during the Period.

SEGMENT INFORMATION

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

EMPLOYEE BENEFITS

For the Period, the average number of employees of the Group was approximately 20 (six months ended 30 June 2014: approximately 20), and the Group's staff costs amount to US$545,700 (six months ended 30 June 2014: US$254,982). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the Period, the Company has not granted any share options to Directors nor employees of the Group under the share option scheme of the Company adopted on 5 July 2005.

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 other than those announced on website of the Stock Exchange of Hong Kong Limited.

CHARGE ON ASSETS

As at 30 June 2015, neither the Group nor the Company pledges any properties and assets (31 December 2014: Nil).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group and the Company has guaranteed a contingent liabilities of an aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by its equity investment (31 December 2014: Nil).

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months immediately preceding the date of this report:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this report
31 July 2014	Right issue of 1,842,421,788 Shares	Approximately HK$272.8 million	General working capital for operation and business development of the Group	• Administrative and operations: HK$10 million • New business and network development: HK$262.8 million
5 January 2015	Placing of 184,242,178 new Shares under general mandate granted by the Shareholders at the AGM	Approximately HK$48.8 million	General working capital for operation and business development of the Group	• Administrative and operations: HK$8.8 million • New business and network development: HK$40 million
29 June 2015	Placing of 730,615,382 new Shares under general mandate granted by the Shareholders at the AGM	Approximately HK$189.9 million	General working capital for operation and business development of the Group	• New business and network development: HK$92.3 million • Unutilized proceeds held in the Group's bank accounts of HK$97.6 million

PROSPECTS

The Group is developing to be a leading next generation mobile multimedia service provider. It addresses the rapidly growing demand for mobile and wireless video and internet content downloads with a very low cost and efficient solution based on the China-developed CMMB multicast technology. Consumers with untethered CMMB-enabled devices such as handsets, netbooks, MP4s, dongles, GPS, and LED panels can receive virtually unlimited and instant mobile video and Internet downloads anytime anywhere deliverable through a ubiquitous terrestrial and satellite network.

Developed by the State Administration of Radio, Film, and Television ("SARFT") of the People's Republic of China ("PRC") with collaboration from the United States of America, CMMB is one of the most advanced digital broadcasting (multicast) technologies invented in the 21 Century that enables mobile television ("TV") delivery and data delivery through Internet by the Internet Protocol ("IP data"). It is Orthogonal frequency-division multiplexing ("OFDM") based, and can readily interact with other OFDM technologies such as third generation mobile technology 3G, fourth generation mobile technology ("4G") based on Institute of Electrical and Electronics Engineers standards 802.16(e) ("WiMax") and 4G Long Term Evolution ("4G LTE"). The key feature of CMMB is that it can deliver streaming live mobile video and push-IP data in a massive quantity and instant speed simultaneously to an unlimited number of mobile users anytime anywhere at very low cost. CMMB has been widely deployed over 330 Chinese cities with the support of world's largest mobile network and supply-chain ecosystem.

The Group's main business will apply the CMMB technology to address the growing bottleneck caused by video and Internet data content distribution, which can no longer be accommodated by the conventional unicast – based mobile communication technologies. In China, its goal is to become a leading CMMB service provider. Globally, its goal is to promote and develop CMMB by deploying and operating CMMB-based networks and services in different countries and create a global multimedia franchise.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Ordinary shares

Name of Director	Capacity/nature of interest	Total number of ordinary shares held	Approximate percentage of interest
Mr. Wong Chau Chi	Interest of controlled corporation (Note)	1,103,431,352	27.90%

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

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

Save as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions, whether beneficial or non-beneficial, in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2015 as required to be recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") which was adopted on 5 July 2005. 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 2015	Granted during the Period	Outstanding at 30 June 2015	Exercise price per share HKD	Vesting period	Exercise period
Consultants	19 November 2012	50,868,518	—	**50,868,518**	0.432	N/A	19 November 2012 to 18 November 2015
	7 May 2014	10,214,912	—	**10,214,912**	0.114	N/A	7 May 2014 to 6 May 2017
Total		61,083,430	—	**61,083,430**			

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, 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
Chi Capital Holdings Ltd	Beneficial owner (Note 2)	1,103,431,352 (L)	27.90%
Mr. Wong Chau Chi	Interest of controlled corporation (Note 2)	1,103,431,352 (L)	27.90%

Notes:

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

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

Save as disclosed above, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in any shares, underlying shares or debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2015.

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

CODE ON CORPORATE GOVERNANCE

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

During the Period, the Company has fully complied with the requirements under the CG Code, except for the deviation from **Code Provision A.2.1 of the CG Code**. The Company had 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.

AUDIT COMMITTEE

The Audit Committee (the "Audit Committee") was established by the Company on 5 July 2005 and it has adopted new written terms in order to comply with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls. The Audit Committee comprises Mr. Li Shan and Dr. Li Jun, being independent non-executive Directors and Mr. Chou Tsan-Hsiung, a non-executive Director. Currently, Mr. Li Shan is the chairman of the Audit Committee.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed, with the management, the accounting principles and policies, internal controls and financial reporting adopted by the Group, and the unaudited condensed consolidated financial statements for the Period and recommended its adoption by the Board.

The unaudited condensed consolidated financial statements for the Period were approved by the Board on 31 August 2015.

For and on behalf of the Board
Wong Chau Chi
Chairman

Hong Kong, 31 August 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	NOTES	Six months ended 30 June 2015 US$ (unaudited)	2014 US$ (unaudited)
Revenue	3	**638,991**	393,511
Cost of sales		**(415,335)**	(615,012)
Gross profit (loss)		**223,656**	(221,501)
Other income		**239**	31
Administrative expenses		**(626,911)**	(404,337)
Market development and promotion expenses		**(2,648,215)**	(128,713)
Other expenses		**(240,199)**	(1,205,767)
Finance costs	4	**(500,443)**	(475,168)
Loss before tax		**(3,791,873)**	(2,435,455)
Income tax expense	5	**(70,831)**	—
Loss for the period	6	**(3,862,704)**	(2,435,455)
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**(5,736)**	284
Total comprehensive expense for the period		**(3,868,440)**	(2,435,171)
Loss for the period attributable to:			
– Owners of the Company		**(3,850,319)**	(2,161,515)
– Non-controlling interests		**(12,385)**	(273,940)
Loss for the period		**(3,862,704)**	(2,435,455)
Total comprehensive expense attributable to:			
– Owners of the Company		**(3,856,055)**	(2,161,231)
– Non-controlling interests		**(12,385)**	(273,940)
Total comprehensive expense for the period		**(3,868,440)**	(2,435,171)
		US cents	US cents (Restated)
Loss per share	8		
– Basic and diluted		**(0.10)**	(0.19)

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	NOTES	30 June 2015 US$ (unaudited)	31 December 2014 US$ (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**97,308**	29,638
Intangible assets	10	**23,843,846**	23,843,846
Deposits for acquisitions of intangible assets	11	**56,730,517**	38,116,910
Other investment	12	**2,000,000**	—
		82,671,671	61,990,394
CURRENT ASSETS			
Trade and other receivables	13	**3,210,036**	1,627,749
Amount due from a related company	20(i)	**150,981**	—
Bank balances and cash		**11,465,525**	10,136,633
		14,826,542	11,764,382
CURRENT LIABILITIES			
Trade and other payables	14	**23,530,275**	2,067,791
Amount due to a related company	20(i)	—	686,966
Tax payable		**69,640**	28,310
Convertible notes	15	**6,975,725**	6,478,217
		30,575,640	9,261,284
NET CURRENT (LIABILITIES) ASSETS		**(15,749,098)**	2,503,098
NET ASSETS		**66,922,573**	64,493,492
CAPITAL AND RESERVES			
Share capital	16	**51,028,022**	48,651,599
Share premium and reserves		**5,379,253**	5,314,210
Equity attributable to owners of the Company		**56,407,275**	53,965,809
Non-controlling interests		**10,515,298**	10,527,683
TOTAL EQUITY		**66,922,573**	64,493,492

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company										
	Share capital US$	Share premium US$	Merger reserve US$	Distributable reserve US$	Share options reserve US$	Capital reserve US$	Exchange reserve US$	Accumulated losses US$	Sub-total US$	Non-controlling interests US$	Total US$
As at 31 December 2014 (audited)	48,651,599	60,023,324	31,987,096	18,464,516	1,744,222	2,110,190	28,920	(109,044,058)	53,965,809	10,527,683	64,493,492
Loss for the period	–	–	–	–	–	–	–	(3,850,319)	(3,850,319)	(12,385)	(3,862,704)
Exchange differences arising on translation	–	–	–	–	–	–	(5,736)	–	(5,736)	–	(5,736)
Total comprehensive expense for the period	–	–	–	–	–	–	(5,736)	(3,850,319)	(3,856,055)	(12,385)	(3,868,440)
Issue of shares	2,376,423	3,921,098	–	–	–	–	–	–	6,297,521	–	6,297,521
As at 30 June 2015 (unaudited)	51,028,022	63,944,422	31,987,096	18,464,516	1,744,222	2,110,190	23,184	(112,894,377)	56,407,275	10,515,298	66,922,573
As at 31 December 2013 (audited)	11,099,042	58,401,200	31,987,096	18,464,516	1,764,546	2,110,190	28,920	(107,118,534)	16,736,976	10,756,163	27,493,139
Loss for the period	–	–	–	–	–	–	–	(2,161,515)	(2,161,515)	(273,940)	(2,435,455)
Exchange differences arising on translation	–	–	–	–	–	–	284	–	284	–	284
Total comprehensive income (expense) for the period	–	–	–	–	–	–	284	(2,161,515)	(2,161,231)	(273,940)	(2,435,171)
Issue of shares	787,550	1,260,081	–	–	–	–	–	–	2,047,631	–	2,047,631
Transaction costs related to issue of new shares	–	(5,084)	–	–	–	–	–	–	(5,084)	–	(5,084)
Recognition of equity settled share-based payments	–	–	–	–	600,879	–	–	–	600,879	–	600,879
As at 30 June 2014 (unaudited)	11,886,592	59,656,197	31,987,096	18,464,516	2,365,425	2,110,190	29,204	(109,280,049)	17,219,171	10,482,223	27,701,394

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	US$	US$
	(unaudited)	(unaudited)
Net cash used in operating activities	**(4,249,730)**	(1,323,697)
Investing activities:		
Purchase of property, plant and equipment	**(77,546)**	—
Deposits paid for the acquisition of intangible assets	**(18,613,607)**	—
Acquisition of other investment	**(2,000,000)**	—
Interest received	**239**	31
Net cash (used in) from investing activities	**(20,690,914)**	31
Financing activities:		
Deposits received for share placement	**20,818,633**	—
Deposits received for right issues	—	4,176,316
Proceeds from issue of shares	**6,297,521**	2,047,631
Repayments to a related company	**(837,947)**	(2,254,791)
Transaction cost related to placing of new shares	—	(5,084)
Interest paid	**(495)**	(96)
Net cash from financing activities	**26,277,712**	3,963,976
Net increase in cash and cash equivalents	**1,337,068**	2,640,310
Cash and cash equivalents at beginning of the period	**10,136,633**	877,155
Effect of foreign exchange rate changes	**(8,176)**	3
Cash and cash equivalents at end of the period	**11,465,525**	3,517,468

1. BASIS OF PREPARATION

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

The condensed consolidated financial statements have been prepared on a going concern basis. In preparing the condensed consolidated financial statements, the Directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of US$3,862,704 for the six-month ended 30 June 2015 and the Group's current liabilities exceeded its current assets by US$15,749,098 as at 30 June 2015. In the opinion of the Directors, the Group is able to continue as a going concern in the coming year taking into consideration the measures which include, but are not limited to, as the following:

(a) In January 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 184,242,178 new shares of the Company for an aggregate consideration of approximately HK$48,824,000 (equivalent to US$6,297,521) at a subscription price of HK$0.265 per ordinary share. The proceeds from the shares issued are applied for financing the Group's working capital and new business and network development.

(b) In June 2015, the Company entered into another subscription agreements with subscribers for the subscription of an aggregate 730,615,382 new shares of the Company for an aggregate consideration of approximately HK$189,960,000 (equivalent to US$24,416,000) at a subscription price of HK$0.26 per ordinary share which is subsequently completed in July 2015. The proceeds from the shares issued will be applied mainly for the development of satellite business and financing the Group's working capital.

    During the current interim period, the Group received advances payment of US$20,818,633 from shareholders for the subscription which is included in other payable as at 30 June 2015 and subsequently transferred to share capital and reserves of the Company.

1. BASIS OF PREPARATION (Continued)

(c) Chi Capital Holdings Ltd ("Chi Capital"), a company wholly owned by Mr. Wong Chau Chi, a director and shareholder of the Company, has agreed to provide financial support to enable the Group to meet its financial obligation as they fall due in the foreseeable future.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. 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 certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014 ("2014 Annual Report").

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

3. SEGMENT INFORMATION

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

1. CMMB business – Provision of transmission and broadcasting of television ("TV") programs.
2. Trading business – Provision of agency services relating to trading of printed circuit board materials.

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

Six months ended 30 June 2015

	CMMB business US$ (unaudited)	Trading business US$ (unaudited)	Total US$ (unaudited)
Segment revenue	**295,000**	**343,991**	**638,991**
Segment (loss) profit	**(25,275)**	**152,191**	**126,916**
Other income			**188**
Corporate legal and professional fees			**(236,576)**
Corporate consultancy service fees			**(2,111,913)**
Finance costs			**(500,443)**
Unallocated expenses			**(1,140,876)**
Loss for the period			**(3,862,704)**

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2014

	CMMB business US$ (unaudited)	Trading business US$ (unaudited)	Total US$ (unaudited)
Segment revenue	255,755	137,756	393,511
Segment (loss) profit	(303,306)	40,703	(262,603)
Other income			7
Corporate legal and professional fees			(587,337)
Share-based payments expense to consultants			(600,879)
Finance costs			(475,168)
Unallocated expenses			(509,475)
Loss for the period			(2,435,455)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit from each segment without allocation of other income, central administration expenses, corporate legal and professional fees, corporate consultancy service fees, directors' remuneration, share-based payments expense to consultants and corporate finance costs. This is the measure reported to the chief operating decision make for the purpose of resource allocation and performance assessment.

Revenue from major products and services

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

	Six months ended 30 June	
	2015 US$ (unaudited)	2014 US$ (unaudited)
Transmission and broadcasting of television programs	**295,000**	255,755
Provision of agency services	**343,991**	137,756
	638,991	393,511

4. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	US$	US$
	(unaudited)	(unaudited)
Effective interest expense on convertible notes	**499,948**	459,498
Imputed interest on amount due to a related company	—	15,574
Bank interest	**495**	96
	500,443	475,168

5. TAXATION

	Six months ended 30 June	
	2015	2014
	US$	US$
	(unaudited)	(unaudited)
Current tax:		
Withholding tax on foreign income	**29,500**	—
Taiwan Income Tax	**41,331**	—
	70,831	—

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

Taiwan Income Tax is calculated at a prevailing rate of 17% for both periods. Provision for Taiwan Income Tax has been made as the Group has assessable profit arising in Taiwan for the six months ended 30 June 2015. No provision for Taiwan Income Tax was made as the Group did not have any assessable profit arising in Taiwan for the six months ended 30 June 2014.

Taxation arising in the United State of America ("USA") is calculated at a prevailing rate of 38% for both periods. No provision for Federal Income Tax and State and Local Income Tax has been made as the Group did not have any assessable profit arising in the USA for both periods.

Under the law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company 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.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2015	2014
	US$	US$
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**9,876**	12,368
Amortisation of intangible assets included in cost of sales	—	153,172
Included in other expenses:		
Legal and professional fees (Note)	**236,576**	587,337
Share-based payments expense	—	600,879
Consultancy service fees (Note)	**2,111,913**	—
Exchange loss	**3,623**	17,551
Bank interest income	**(239)**	(31)

Note: The amount represents legal and professional fee and consultancy service fees that are paid and payable to consultants, advisors and other professional parties for acquisition of TV stations and spectrum in USA and development of new satellite business for both periods.

7. DIVIDENDS

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

8. LOSS PER SHARE

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	
	2015	2014
	US$	US$
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of basic and diluted loss per share	**(3,850,319)**	(2,161,515)
		(Restated)
Number of shares		
Number of ordinary shares for the purposes of basic and diluted loss per share	**3,943,544,030**	1,127,716,527

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and the conversion of the convertible notes of the Company as the assumed exercise of the share options and convertible notes for both periods would result in decrease in loss per share.

The weighted average of ordinary shares for the purposes of calculating basic and diluted loss per share for the six months ended 30 June 2014 had been retrospectively adjusted for the effect of bonus element of rights issue and bonus issue completed on 31 July 2014 (note 25(iii) of 2014 Annual Report).

9. PROPERTY, PLANT AND EQUIPMENT

The Group incurred approximately US$77,000 in respect of office renovation and purchase of equipment during the six months ended 30 June 2015. The Group did not have any disposal of property, plant and equipment for daily operations during both periods.

10. INTANGIBLE ASSETS

The Group did not have any addition to and disposal of intangible assets during both periods.

11. DEPOSITS FOR THE ACQUISITION OF INTANTBILE ASSETS

Refundable deposits paid for the acquisition of intangible assets as at 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015 US$ (unaudited)	31 December 2014 US$ (audited)
TV stations and spectrum in USA (i)	**34,180,000**	32,958,196
Satellites and related assets (ii)	**22,550,517**	5,158,714
	56,730,517	38,116,910

(i) Save as disclosed in note 18(c) of the 2014 Annual Report, pursuant to a sale and purchase agreement dated 23 May 2014 and a supplementary agreement dated 14 October 2014 (collectively the "S&P Agreements") entered into between the Company and Chi Capital to acquire the 79% equity interest in Chi Vision USA Corporation ("Chi Vision"), a company established in Delaware, USA with limited liability and is owned as to 20% by NYBB and 80% by Chi Capital. Chi Vision holds the user and operating rights over free-to-air UHF spectrum TV stations inclusive of the spectrum usage, broadcasting rights and operating facilities in seven top US metropolitan cities (the "Acquisition"). The consideration for the Acquisition is settled by US$34,180,000 which is paid by cash; issuance of the convertible notes with principal amount of US$38,000,000 at the initial conversion price of HK$0.10; and issuance of the convertible notes with principal amount of US$5,300,000 at the initial conversion price of HK$0.473. The Acquisition has completed on 22 July 2015.

(ii) Save as disclosed in note 18(c) of the 2014 Annual Report, on 9 September 2014, the Company entered into a memorandum of understanding with NYBB II, a wholly-owned subsidiary of NYBB, to acquire the capacity of the current geosynchronous L-band satellite known as AsiaStar and its two follow-on co-location new generation satellites in order to provide mobile multimedia and broadband internet services in the PRC and other Asian markets. As at 30 June 2015, the Group has paid refundable deposits for a total amount of US$22,550,517 (31 December 2014: US$5,158,714) for the proposed acquisition of satellites and related assets. The acquisition has not completed as at the date of issuance of the condensed consolidated financial statements.

12. OTHER INVESTMENT

On 31 March 2015, the Company entered into a new joint venture agreement with an independent third party (the "Seller"), pursuant to which the Company will pay US$2 million to acquire 3% of the equity interest in Soaring Idea Holdings Limited ("Soaring") and an option to purchase an additional 47% equity interest in Soaring for a term of 5 years, maturing in 31 March 2020 for an additional cash consideration of US$4 million. Soaring is incorporated under the laws of the Republic of Seychelles with limited liability and is wholly owned by the Seller. Soaring is currently owned 51% controlling interest in Dish-HD Asia Satellite Limited ("Dish-HD Asia"), a company incorporated under the laws of the Cayman Islands. Dish-HD Asia is a leading full service satellite digital pay-TV provider that delivers high-definition TV programming directly to consumer homes for Greater China Region. It possesses comprehensive service operating platform, global management experience, abundant Hollywood content distribution rights, diverse customer franchise over Taiwan, Hong Kong and the PRC, and next generation set-top box technologies. It is currently delivering 76 satellite TV channels of mostly high-definition programs, and planning to launch 4K ultra-high-definition services as well as satellite-based internet data services in 2015. The transaction has completed in June 2015.

13. TRADE AND OTHER RECEIVABLES

The Group generally allows a credit period of 60 to 120 days to its trade customers of the Trading Business. There is no trade receivable under CMMB business as at both 30 June 2015 and 31 December 2014. The trade receivables are due from three (31 December 2014: two) customers under Trading Business as at 30 June 2015.

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

	30 June 2015 US$ (unaudited)	31 December 2014 US$ (audited)
Trade receivables:		
0 - 30 days	**898,544**	894,368
31 - 60 days	**971,615**	625,740
61 - 90 days	**39,414**	11,864
Over 90 days	**87,704**	64,200
	1,997,277	1,596,172
Other receivables and deposits	**212,759**	6,791
Prepayments	**1,000,000**	24,786
	3,210,036	1,627,749

14. TRADE AND OTHER PAYABLES

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

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

	30 June 2015 US$ (unaudited)	31 December 2014 US$ (audited)
Trade payables		
0 - 90 days	**1,700,463**	1,428,275
91 - 180 days	**—**	54,720
Over 180 days	**571**	571
	1,701,034	1,483,566
Accruals	**1,010,608**	584,225
Deposits received for share placement	**20,818,633**	—
	23,530,275	2,067,791

15. CONVERTIBLE NOTES

The movement of the convertible note debt component and derivative components are shown as follows:

	Debt Component US$ (unaudited)	Derivative Component US$ (unaudited)	Total US$ (unaudited)
At 31 December 2014	5,199,293	1,278,924	6,478,217
Effective interest expenses	499,948	—	499,948
Exchange difference	(1,958)	(482)	(2,440)
At 30 June 2015	**5,697,283**	**1,278,442**	**6,975,725**

16. SHARE CAPITAL

	Number of shares (unaudited)	Nominal Value HK$$	Shown as US$ (unaudited)
Ordinary shares of HK$0.1 each			
At 1 January 2015	3,770,498,890	377,049,889	48,651,599
Issue of new shares	184,242,178	18,424,218	2,376,423
At 30 June 2015	**3,954,741,068**	**395,474,107**	**51,028,022**

On 12 January 2015, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 184,242,178 new shares for an aggregate consideration of approximately HK$48,824,000 (equivalent to US$6,297,521) at the subscription price of HK$0.265 per subscription share.

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

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					
Category	**Date of grant**	**Outstanding at 1 January 2015**	**Granted during the Period**	**Outstanding at 30 June 2015**	**Exercise price per share** HKD	**Vesting period**	**Exercise period**
Consultants	19 November 2012	50,868,518	—	**50,868,518**	0.432	N/A	19 November 2012 to 18 November 2015
	7 May 2014	10,214,912	—	**10,214,912**	0.114	N/A	7 May 2014 to 6 May 2017
Total		61,083,430	—	**61,083,430**			

The Company granted 76,767,574 share options on 7 May 2014 to certain consultants which were engaged for improving the system of CMMB-LTE technology with their uniqueness service rendered for the purpose of development of CMMB Business and seeking for new investment opportunities in CMMB Business.

The Black-Scholes option pricing model was used to estimate the fair value of the options. The value of an option varied with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The Group recognized share-based payments expense in profit or loss of US$600,879 related to equity-settled share-based payment transactions for the six months ended 30 June 2014.

18. CONTINGENT LIABILITIES

As at 30 June 2015, the Group and the Company has guaranteed a contingent liabilities of an aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by its equity investment (31 December 2014: Nil).

19. CAPITAL COMMITMENTS

	30 June 2015 US$ (unaudited)	31 December 2014 US$ (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of intangible assets	**—**	1,221,804
Acquisition of an equity investment in Taiwan (note 12)	**4,000,000**	6,000,000
	4,000,000	7,221,804

20. RELATED PARTY DISCLOSURES

(i) Balances

The amounts due from (to) a related company and represent advances to finance the operations of the Group and are non-interest bearing and unsecured.

(ii) Transactions

Save as disclosed above for the deposits paid for acquisition of intangible assets with Chi Capital and NYBB which are set out in note 10, the Group reimbursed NYBB of US$170,000 for the current period (six months ended 30 June 2014: US$167,000) in relation to the rental expenses paid by NYBB on behalf of the Group for certain site premises.

Compensation of key management personnel

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends. No short-term benefits have been received by the key management personnel for their services to the Group during the both periods.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 29 June 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 730,615,382 new shares of the Company for an aggregate consideration of HK$189,960,000 (equivalent to approximately US$24,416,000) at a subscription price of HK$0.26 per subscription share. The subscription was completed on 12 July 2015. The proceeds from the shares issued will be applied mainly for the acquisition of satellite business and financing the Group's working capital. The new shares rank pari passu with the existing shares in all respects.

22. RECLASSIFICATION OF COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform to current period presentation in the condensed consolidated financial statements.