2016 Interim Report

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)
(Stockcode: 471)

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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

HLM CPA Limited

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.hk
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
17M 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 trading of printed circuit board materials.

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 has completed the acquisition of 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 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 2016 ("Period"), the Group recorded loss for the period of US$5,736,000 as compared to US$3,862,000 for the same period in 2015, representing an increase of approximately 49%. Loss per share was US0.34 cents (six months ended 30 June 2015: US0.38 cents, restated) and net assets per share attributable to owners of the Company was US9.4 cents (31 December 2015: US16.3 cents).

Revenue

For the Period, the Group is engaged in provision of transmission and broadcasting of telephone programs and trading of printed circuit board materials with revenue of US$2,885,000 (six months ended 30 June 2015: US$5,189,000). The decrease in revenue of approximately US$2,304,000 or 44% was mainly due to the decrease in trading of printed circuit board materials by US$2,960,000, which is offset by the increase in TV rental income of US$656,000.

Cost of sales

Cost of sales mainly includes costs of goods sold, staff costs and operating lease payments. The decrease in cost of sales of US$2,559,000 or 52% was due to the decrease in costs of goods sold of approximately US$2,680,000 and increase in operating lease payments of approximately US$260,000 for the current period.

Gross profit

Gross profit increased by 114% to US$479,000 (six months ended 30 June 2015: US$224,000) which was arisen from the increase in TV rental income from the newly acquired company in July 2015.

Administrative expenses

During the Period, the Group's administrative expenses increased by 61% to US$1,010,000 (six months ended 30 June 2015: US$627,000) which is mainly due to the increase in staff costs, office rent and general administrative expenses incurred for the newly setup offices in Beijing.

Market development and promotion expenses

During the Period, the Group's market development and promotion expenses increased by 42% to US$3,759,000 (six months ended 30 June 2015: US$2,648,000) which is mainly due to the increase in consultancy service fees for business development and travelling expenses for attending business conferences and meetings as well as research and development costs.

Other expenses

Other expenses mainly include corporate legal and professional fee of US$332,000 (six months ended 30 June 2015: US$236,000) for the proposed acquisition of TV stations and spectrum in USA in 2015 and development of new satellite business for both periods.

Finance costs

Finance costs of the Group for the Period amounted to US$1,012,000 (six months ended 30 June 2015: US$500,000) 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 2016.

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 2016, the Group had equity attributable to owners of the Company of US$175,913,000 (31 December 2015: US$101,661,000). Current assets amounted to US$46,862,000 which mainly comprises bank balances and cash of US$40,889,000 and trade and other receivables of US$3,811,000. Current liabilities amounted to US$1,841,000 which mainly comprises trade payables of US$1,075,000.

As at 30 June 2016, the Group's current ratio was 25.4 (31 December 2015: 8.9) and the gearing ratio (a ratio of total loans to total assets) was 8.7% (31 December 2015: 12.4%). Other than convertible notes of US$19,634,000, the Group did not have any bank borrowings as at 30 June 2016 (31 December 2015: Nil).

In April 2016, the Group has completed rights issue on the basis of one rights share for every one existing share at HK$0.1 per rights share ("Rights Issue") and one bonus share for every one rights share taken up under the Rights Issue ("Bonus Shares"), to raise approximately HK$625,320,000 (equivalent to US$80,595,000) before expenses. The Group plans to apply the proceeds from the Rights Issue for the major capital expenditure for the deployment in China with details as set out in the prospectus of the Company dated 23 March 2016.

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 40 (six months ended 30 June 2015: approximately 20), and the Group's staff costs amount to US$993,000 (six months ended 30 June 2015: US$546,000). 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, employees and consultants of the Group under the new share option scheme of the Company adopted on 18 December 2015.

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 2016, neither the Group nor the Company pledges any properties and assets (31 December 2015: Nil).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group and the Company has guaranteed a contingent liability of an aggregate amount of US$1,203,000 in respect of an upgrade project undertaken by its equity investment (31 December 2015: 1,551,000).

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
7 October 2015	Placing of 60,332,830 new shares under general mandate granted by the shareholders at the AGM on 21 May 2015	Approximately HK$7.2 million	General working capital for operation and business development of the Group	• Administrative and operations: HK$7.2 million
21 December 2015	Placing of 757,499,997 new shares under general mandate granted by the shareholders at the EGM on 18 December 2015	Approximately HK$90.9 million	General working capital for operation and business development of the Group	• Administrative and operations: HK$29.3 million • New business and network development: HK$61.6 million

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this report
29 January 2016	Rights issue of 6,253,189,277 Shares	Approximately HK$621.9 million	General working capital for operation and business development of the Group	• New business and network development: HK$304.6 million • Unutilized proceeds held in the Group's bank accounts of HK$317.3 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 Press, Publication, Radio, Film, and Television 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 2016, 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)	552,882,000	29.47%

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 and its subsidiary.

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 2016 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 operated a share option scheme (the "Scheme") which was adopted on 5 July 2005 and had been expired on 4 July 2015. In view of the expiry of the Scheme, the Directors proposed the adoption of a new share option scheme (the "Share Option Scheme 2015"), as a replacement of the Scheme, which was duly passed at the extraordinary general meeting of the Company held on 18 December 2015. During the six months ended 30 June 2016, the Company did not grant any share options under the Share Option Scheme 2015 to the Directors, employees and consultants who are engaged to provide investment advisory services for the business development of the Group. Details of the movements during the period in the share options of the Company are set out in note 17 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, 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)	552,882,000 (L)	29.47%
Mr. Wong Chau Chi	Interest of controlled corporation (Note 2)	552,882,000 (L)	29.47%

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 and its subsidiary.

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 2016.

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 10 August 2016.

For and on behalf of the Board
Wong Chau Chi
Chairman

Hong Kong, 10 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June 2016 US$'000 (unaudited)	2015 US$'000 (unaudited)
Revenue	3	**2,885**	5,189
Cost of sales		**(2,406)**	(4,965)
Gross profit		**479**	224
Interest income		**2**	–
Administrative expenses		**(1,010)**	(627)
Market development and promotion expenses		**(3,759)**	(2,648)
Other expenses		**(406)**	(240)
Finance costs	4	**(1,012)**	(500)
Loss before tax		**(5,706)**	(3,791)
Income tax expense	5	**(30)**	(71)
Loss for the period	6	**(5,736)**	(3,862)
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**(52)**	(6)
Total comprehensive expense for the period		**(5,788)**	(3,868)
(Loss) profit for the period attributable to:			
– Owners of the Company		**(5,852)**	(3,850)
– Non-controlling interests		**116**	(12)
Loss for the period		**(5,736)**	(3,862)
Total comprehensive (expense) income attributable to:			
– Owners of the Company		**(5,904)**	(3,856)
– Non-controlling interests		**116**	(12)
Total comprehensive expense for the period		**(5,788)**	(3,868)
		US cents	US cents (Restated)
Loss per share	8		
– Basic and diluted		**(0.34)**	(0.38)

	NOTES	30 June 2016 US$'000 (unaudited)	31 December 2015 US$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**924**	752
Intangible assets	10	**106,588**	106,588
Deposits for acquisitions of assets	11	**68,836**	26,012
Financial asset at fair value through profit or loss	12	**2,118**	2,118
		178,466	135,470
CURRENT ASSETS			
Trade and other receivables	13	**3,811**	2,495
Amounts due from related companies	20(i)	**2,162**	1,331
Bank balances and cash		**40,889**	10,412
		46,862	14,238
CURRENT LIABILITIES			
Trade and other payables	14	**1,806**	1,566
Tax payable		**35**	35
		1,841	1,601
NET CURRENT ASSETS		**45,021**	12,637
TOTAL ASSETS LESS CURRENT LIABILITIES		**223,487**	148,107
NON-CURRENT LIABILITIES			
Convertible Notes	15	**19,634**	18,622
NET ASSETS		**203,853**	129,485
CAPITAL AND RESERVES			
Share capital	16	**241,863**	80,673
Share premium and reserves		**(65,950)**	20,988
Equity attributable to owners of the Company		**175,913**	101,661
Non-controlling interests		**27,940**	27,824
TOTAL EQUITY		**203,853**	129,485

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company											
	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Distributable reserve US$'000	Share options reserve US$'000	Capital reserve US$'000	Convertible note reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
As at 31 December 2015 (audited)	**80,673**	**81,140**	**31,987**	**18,464**	**67**	**2,110**	**15,999**	**(8)**	**(128,771)**	**101,661**	**27,824**	**129,485**
Loss for the period	–	–	–	–	–	–	–	–	**(5,852)**	**(5,852)**	**116**	**(5,736)**
Exchange differences arising on translation	–	–	–	–	–	–	–	**(52)**	–	**(52)**	–	**(52)**
Total comprehensive expense for the period	–	–	–	–	–	–	–	**(52)**	**(5,852)**	**(5,904)**	**116**	**(5,788)**
Issue of shares												
rights issue	**80,595**	–	–	–	–	–	–	–	–	**80,595**	–	**80,595**
bonus shares	**80,595**	**(80,595)**	–	–	–	–	–	–	–	–	–	–
Transaction costs related to issue of new shares	–	**(439)**	–	–	–	–	–	–	–	**(439)**	–	**(439)**
Exercise of share options	–	–	–	–	–	–	–	–	–	–	–	–
As at 30 June 2016 (unaudited)	**241,863**	**106**	**31,987**	**18,464**	**67**	**2,110**	**15,999**	**(60)**	**(134,623)**	**175,913**	**27,940**	**203,853**
As at 31 December 2014 (audited)	48,652	60,023	31,987	18,464	1,744	2,110	–	29	(109,044)	53,965	10,527	64,492
Loss for the period	–	–	–	–	–	–	–	–	(3,850)	(3,850)	(12)	(3,862)
Exchange differences arising on translation	–	–	–	–	–	–	–	(6)	–	(6)	–	(6)
Total comprehensive expense for the period	–	–	–	–	–	–	–	(6)	(3,850)	(3,856)	(12)	(3,868)
Issue of shares	2,376	3,922	–	–	–	–	–	–	–	6,298	–	6,298
As at 30 June 2015 (unaudited)	51,028	63,945	31,987	18,464	1,744	2,110	–	23	(112,894)	56,407	10,515	66,922

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(5,728)**	(4,250)
Investing activities:		
Purchase of property, plant and equipment	**(243)**	(77)
Deposits paid for the acquisition of assets	**(42,824)**	(18,614)
Acquisition of financial asset at fair value through profit or loss	**–**	(2,000)
Interest received	**2**	–
Net cash used in investing activities	**(43,065)**	(20,691)
Financing activities:		
Proceeds from rights issue	**80,595**	–
Proceeds from exercise of share options	**–**	–
Proceeds from issue of shares	**–**	6,298
Deposits received for share placement	**–**	20,819
Advances to related companies	**(831)**	(838)
Transaction cost related to placing of new shares	**(439)**	–
Interest paid	**–**	(1)
Net cash from financing activities	**79,325**	26,278
Net increase in cash and cash equivalents	**30,532**	1,337
Cash and cash equivalents at beginning of the period	**10,412**	10,137
Effect of foreign exchange rate changes	**(55)**	(8)
Cash and cash equivalents at end of the period	**40,889**	11,466

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$5,736,000 for the six-month ended 30 June 2016 and the Group's net current assets of US$45,021,000 as at 30 June 2016. 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 April 2016, the Group has completed rights issue on the basis of one rights share for every one existing share at HK$0.1 per rights share ("Rights Issue") and one bonus share for every one rights share taken up under the Rights Issue ("Bonus Shares"), to raise approximately HK$625,320,000 (equivalent to US$80,595,000) before expenses. The Group plans to apply the proceeds from the Rights Issue for the major capital expenditure for the deployment in China with details as set out in the prospectus of the Company dated 23 March 2016.

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.

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 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015 ("2015 Annual Report").

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs and interpretations 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 – Trading of printed circuit board materials ("PCB").

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

Six months ended 30 June 2016

	CMMB business US$'000 (unaudited)	Trading business US$'000 (unaudited)	Total US$'000 (unaudited)
Segment revenue	951	1,934	2,885
Segment loss	(822)	(92)	(914)
Interest income			–
Corporate legal and professional fees			(332)
Corporate consultancy service fees			(2,374)
Finance costs			(1,012)
Unallocated expenses			(1,104)
Loss for the period			(5,736)

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2015

	CMMB business US$'000 (unaudited)	Trading business US$'000 (unaudited)	Total US$'000 (unaudited)
Segment revenue	295	4,894	5,189
Segment (loss) profit	(25)	152	127
Interest income			–
Corporate legal and professional fees			(236)
Corporate consultancy service fees			(2,112)
Finance costs			(500)
Unallocated expenses			(1,141)
Loss for the period			(3,862)

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 interest income, central administration expenses, corporate legal and professional fees, corporate consultancy service fees, directors' remuneration 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	
	2016 US$'000 (unaudited)	2015 US$'000 (unaudited)
Transmission and broadcasting of television programs	**951**	295
Trading of PCB materials	**1,934**	4,894
	2,885	5,189

4. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Effective interest expense on convertible notes	**1,012**	500
Bank interest expense	**–**	–
	1,012	500

5. TAXATION

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Current tax:		
Withholding tax on foreign income	**30**	30
Taiwan Income Tax	**–**	41
	30	71

Withholding tax on foreign income represented PRC withholding tax on income from a PRC customer at 10% of the gross invoice amount.

Hong Kong Profits Tax is calculated at 16.5% for both periods. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in Hong Kong for both periods.

5. TAXATION (Continued)

Taiwan Income Tax is calculated at a prevailing rate of 17% for both periods. Provision for Taiwan Income Tax was made as the Group had assessable profit arising in Taiwan for the six months ended 30 June 2015. No provision for Taiwan Income Tax has been made as the Group does not have any assessable profit arising in Taiwan for the six months ended 30 June 2016.

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:

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**103**	10
Included in other expenses:		
Legal and professional fees (Note)	**332**	236
Exchange loss	**22**	4
Consultancy service fees (Note)	**2,491**	2,112
Research and development costs	**939**	–

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 in 2015 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	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of basic and diluted loss per share	**(5,852)**	(3,850)
		(Restated)
Number of shares		
Number of ordinary shares for the purposes of basic and diluted loss per share	**1,712,251,427**	1,009,083,325

The computation of diluted loss per share does 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 2015 had been retrospectively adjusted for the effect of bonus element of rights issue and bonus issue completed on 18 April 2016 (note 16(i)) and the effect of share consolidation completed in June 2016 (note 16 (iii)).

9. PROPERTY, PLANT AND EQUIPMENT

The Group incurred approximately US$243,000 in respect of office renovation and purchase of equipment during the six months ended 30 June 2016. 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 ASSETS

Refundable deposits paid for the acquisition of intangible assets as at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016 US$'000 (unaudited)	31 December 2015 US$'000 (audited)
Satellites and related assets	**68,836**	26,012

Save as disclosed in note 20(a) of the 2015 Annual Report, on 9 September 2014 and 30 June 2015, the Company entered into a memorandum of understanding and an agreement with New York Broadband II, LLC ("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. The memorandum of understanding also gives the Company the exclusivity to develop business in the region by using this satellite platform. The AsiaStar satellite located at the 105 degrees East orbital slot, with its associated L-band spectrum rights, is the only mobile satellite capable of covering the all of Asia, including the PRC, Japan, Korea, Southeast Asia, Indonesia, and India and can deliver audio, video and data services in the region. The capacity acquisition will give the Company a ubiquitous Asia-wide mobile platform to offer next generation media and internet services.

On 27 October 2015, the Company together with its business partner in the United States, NYBB, entered into an agreement with The Boeing Company for construction of the next-generation high-power mobile L-band satellite named "Silkwave-1".

NYBB is procuring Silkwave-1 and will exclusively lease its capacity to the Company for providing comprehensive suite of internet broadband media and information services to Asian mobile customers. Silkwave-1 is expected to launch in 2018, complementing and eventually replacing the current AsiaStar satellite to continue operation.

11. DEPOSITS FOR THE ACQUISITION OF ASSETS (Continued)

As at 30 June 2016, the Group has paid refundable deposits for a total amount of US$68,835,000 (31 December 2015: US$26,012,000) 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. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group did not have any addition to and disposal of financial asset at fair value through profit or loss during both periods.

13. TRADE AND OTHER RECEIVABLES

The Group generally allows a credit period of 60 to 120 days to its customers of the Trading Business and CMMB Business. There was no trade receivable under CMMB business as at 31 December 2015. The trade receivables are due from four (31 December 2015: three) customers as at 30 June 2016.

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 2016 US$'000 (unaudited)	31 December 2015 US$'000 (audited)
Trade receivables:		
0 – 30 days	**468**	356
31 – 60 days	**768**	448
61 – 90 days	**542**	41
Over 90 days	**474**	342
	2,252	1,187
Other receivables and deposits	**1,141**	1,146
Prepayments	**418**	162
	3,811	2,495

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 2016 US$'000 (unaudited)	31 December 2015 US$'000 (audited)
Trade payables		
0 – 90 days	**749**	780
91 – 180 days	**325**	16
Over 180 days	**1**	–
	1,075	796
Accruals	**549**	740
Other payables	**182**	30
	1,806	1,566

15. CONVERTIBLE NOTES

The movement of the liability component of the convertible notes with a conversion price of HK$1.00 per share ("CN1") and a conversion price of HK$4.61 per share ("CN2") respectively for the six months ended 30 June 2016 are shown as follows:

	CN1 US$'000 (unaudited)	CN2 US$'000 (unaudited)	Total US$'000 (unaudited)
At 31 December 2015	15,753	2,869	18,622
Effective interest expenses	849	163	1,012
At 30 June 2016	**16,602**	**3,032**	**19,634**

15. CONVERTIBLE NOTES (Continued)

(i) Save as disclosed in note 16(i), pursuant to the terms and conditions of the convertible notes, the conversion price of and the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding CN1 and CN2 respectively are adjusted in the following manner with retrospective effect from 22 March 2016, being the day next following the record date of the Rights Issue.

	Before completion of the Rights Issue and Bonus Shares		After completion of the Rights Issue and Bonus Shares	
	Number of shares to be issued upon exercise of the conversion rights attaching to the outstanding convertible notes	Conversion price per shares in respect of the outstanding convertible notes (HK$)	Adjusted number of shares to be issued upon exercise of the conversion rights attaching to the outstanding convertible notes	Adjusted conversion price per share in respect of the outstanding convertible notes (HK$)
CN1	2,198,800,000	0.10	2,198,800,000	0.10
CN2	86,951,374	0.473	89,214,750	0.461

There are no adjustments on the number of conversion shares or conversion price of CN1 as pursuant to the terms of the convertible notes, the conversion price of HK$0.1 of CN1 cannot be adjusted downwards to below HK$0.1 which is the par value of a share.

Save for the above adjustments, all other terms of the outstanding convertible notes remain unchanged.

15. CONVERTIBLE NOTES (Continued)

(ii) Save as disclosed in note 16(iii), pursuant to the terms and conditions of the convertible notes, the conversion price of and the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding CN1 and CN2 respectively will be adjusted in the following manner with effect from 21 June 2016 upon the share consolidation becoming effective:

	Before share consolidation		After share consolidation	
	Number of shares to be issued upon exercise of the conversion rights attaching to the outstanding convertible notes	Conversion price per shares in respect of the outstanding convertible notes (HK$)	Adjusted number of shares to be issued upon exercise of the conversion rights attaching to the outstanding convertible notes	Adjusted conversion price per share in respect of the outstanding convertible notes (HK$)
CN1	2,198,800,000	0.10	219,880,000	1.00
CN2	89,214,750	0.461	8,921,475	4.61

Save for the above adjustments, all other terms of the outstanding convertible notes remain unchanged.

16. SHARE CAPITAL

	Number of shares (unaudited)	Nominal Value HK$	Shown as US$'000 (unaudited)
Ordinary shares of HK$0.1 each at 1 January 2016	6,253,189,277	6,253,189,277	80,673
Issue of new shares (note i)			
Rights issue	6,253,189,277	6,253,189,277	80,595
Bonus shares	6,253,189,277	6,253,189,277	80,595
Exercise of share options (note ii)	40,169	40,169	–
Share consolidation (note iii)	(16,883,647,200)	(16,883,647,200)	–
Ordinary shares of HK$1.0 each at 30 June 2016	**1,875,960,800**	**1,875,960,800**	**241,863**

16. SHARE CAPITAL (Continued)

(i) The Company raised approximately HK$625.32 million before expenses by way of issue of 6,253,189,277 new shares pursuant to the Rights Issue on the basis of one Rights Share for every one share in issue on the record date at the subscription price of HK$0.1 per Rights Share. It is also proposed to allot and issue the Bonus Shares on the basis of one Bonus Share for every one Rights Share taken up under the Rights Issue. All the resolutions approving the Rights Issue and the issue of Bonus Shares were duly passed at the extraordinary general meeting of the Company on 15 March 2016. On 18 April 2016, the Company issued 6,253,189,277 new shares pursuant to the Rights Issue and a total of 6,253,189,277 new shares have been issued pursuant to the Bonus Shares.

(ii) On 4 May 2016, 40,169 share options have been exercised (see note 17).

(iii) On 20 June 2016, an extraordinary general meeting of the Company was held and the resolutions of the share consolidation of the Company involving consolidation of the number of shares on the basis that every ten issued and unissued shares consolidated into one consolidated share of HK$1.00 each were approved, with effect from 21 June 2016.

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 2016	Adjustment (note i)	Exercised during the Period (note ii)	Adjustment (note iii)	Outstanding at 30 June 2016	Adjusted exercise price per share HK$	Exercise period
Consultants	7 May 2014	10,214,912	276,078	(40,169)	(9,405,739)	1,045,082	1.11	7 May 2014 to 6 May 2017
Total		10,214,912	276,078	(40,169)	(9,405,739)	1,045,082		

17. SHARE-BASED PAYMENTS (Continued)

(i) Save as disclosed in note 16(i), pursuant to the terms of the Pre-IPO share option scheme, the exercise price of the share options and the number of shares to be allotted and issue upon the exercise of the subscription rights attaching to the outstanding share options is adjusted in the following manner with effect from 18 April 2016 upon the allotment and issue of the Rights Issue in their fully paid form and Bonus Share of the Company to its shareholders.

		Before completion of the Rights Issue and Bonus Shares		After completion of the Rights Issue and Bonus Shares	
Date of grant	Exercise period	Number of share options outstanding	Exercise price of share options (HK$)	Adjusted number of share options outstanding	Adjusted exercise price of share options (HK$)
7 May 2014	7 May 2014 to 6 May 2017	10,214,912	0.114	10,490,990	0.111

Save for the above adjustment, all other terms of the outstanding share options remain unchanged.

(ii) In respect of the share options exercised during the period, the weighted average share price at the dates of the exercise is HK$0.65.

(iii) Save as disclosed in note 16(iii), pursuant to the terms of the Pre-IPO share option scheme, the exercise price of the share options granted and the number of Shares to be allotted and issued upon exercise of the subscription rights attached to the outstanding share options is adjusted in the following manner with effect from 21 June 2016 upon the share consolidation becoming effective:

		Before completion of share consolidation		After completion of share consolidation	
Date of grant	Exercise period	Number of share options outstanding	Exercise price of share options (HK$)	Adjusted number of share options outstanding	Adjusted exercise price of share options (HK$)
7 May 2014	7 May 2014 to 6 May 2017	10,450,821	0.111	1,045,082	1.11

Save for the above adjustment, all other terms of the outstanding share options remain unchanged.

18. CONTINGENT LIABILITIES

As at 30 June 2016, the Group and the Company has guaranteed a contingent liability of an aggregate amount of US$1,203,000 in respect of an upgrade project undertaken by its equity investment (31 December 2015: US$1,551,000).

19. CAPITAL COMMITMENTS

	30 June 2016 US$'000 (unaudited)	31 December 2015 US$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Refurbishment of office	–	81

20. RELATED PARTY DISCLOSURES

(i) Balances

The amounts due from related companies are non-interest bearing and unsecured.

(ii) Transactions

Save as disclosed above for the deposits paid for acquisition of assets with Chi Capital and NYBB which are set out in note 11, the Group reimbursed NYBB of US$430,000 for the current period (six months ended 30 June 2015: US$170,000) 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.

The remuneration of key management personnel of the Company during the period were as follows:

	Six months ended 30 June	
	2016 US$'000 (unaudited)	2015 US$'000 (unaudited)
Salaries and other benefits	**199**	164

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) Save as disclosed in note 38(i) of the 2015 Annual Report, on 29 January 2016, the Group entered into an Equity Transfer Agreement with Global Broadcasting Media Company ("GMG"), pursuant to which the Group will transfer 51% of the equity interest in 國廣中播傳媒技術有限公司 (Global Vision Media Technology Co. Ltd)(“Global Vision", formerly known as 中播(北京)信息技術有限責任公司 (CMMB Information Technology Co., Ltd.)), a wholly-owned PRC subsidiary established on 24 August 2015, at a consideration of RMB1, to GMG according to the terms and subject to the conditions set forth in the Equity Transfer Agreement. The Agreement has effectively formalized Global Vision as a joint venture company between the Company and GMG for operating a satellite-based mobile broadcasting platform, providing unique multimedia services such as mobile video, audio, internet data for mobile consumers and vehicles in PRC. The shares transfer has been completed as at the date of issuance of this interim report.

(ii) On 20 June 2016, an extraordinary general meeting of the Company was held and the resolutions of the reorganization of the share capital of the Company involving reduction of the authorized share capital and issued share capital by reducing the nominal value of each share in issued from HK$1.00 to HK$0.01 and cancelling paid-up capital to the extent of HK$0.99 for each issued share and the sub-division of each authorized and unissued share of HK$1.00 each into 10 unissued share of HK$0.01 each (the "Capital Reorganisation") were approved. The capital reduction amount as a result of the Capital Reorganisation will be transferred to accumulated losses account of the Company.

The Capital Reorganisation will become effective in September 2016, after the approval from the Grand Court of the Cayman Islands.

22. RECLASSIFICATION OF COMPARATIVE INFORMATION

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