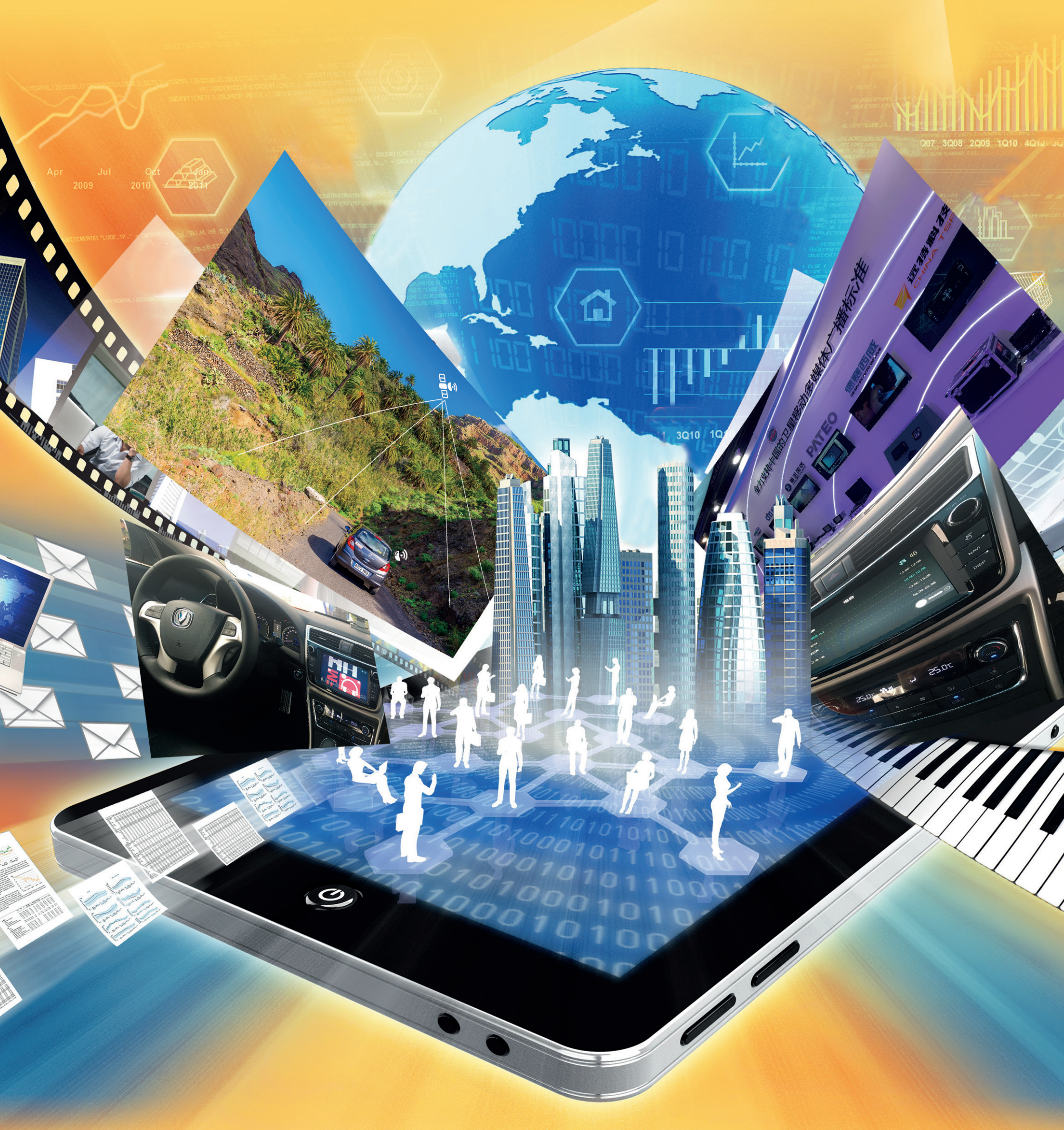
CMMB VISION

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)
(Stockcode: 471)

Interim Report 2017



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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
mail: 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 Converged Mobile Multimedia Broadcasting ("CMMB") and trading of printed circuit board ("PCB") materials.

After restructuring and reorganization from previous manufacturing and sale of rigid PCB and rigid PCB 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 enabling mobile internet and entertainment services in the coming internet era.

The Company has acquired seven UHF spectrum television ("TV") stations in seven top cities in the United States of America ("USA"), including Los Angeles, San Francisco, Dallas, Houston, Atlanta, Miami and Tampa, which 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.

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

FINANCIAL REVIEW

For the six months ended 30 June 2017 ("Period"), the Group recorded loss for the period of US$3,277,000 as compared to US$5,736,000 for the same period in 2016, representing a decrease of approximately 43%. Loss per share was US0.19 cents (six months ended 30 June 2016: US0.34 cents) and net assets per share attributable to owners of the Company was US8.4 cents (31 December 2016: US8.8 cents).

Revenue

For the Period, the Group is engaged in provision of transmission and broadcasting of television programs and trading of PCB materials with revenue of US$3,632,000 (six months ended 30 June 2016: US$2,885,000). The increase in revenue of US$747,000 or 26% was mainly due to the increase in trading of PCB materials by US$73,000 and increase in TV rental income of US$674,000.

Cost of sales

Cost of sales mainly includes costs of goods sold, staff costs and operating lease payments. The increase in cost of sales of US$114,000 or 5% was due to the increase in costs of goods sold of US$70,000 and increase in operating lease payments of US$10,000 for the current period.

Gross profit

Gross profit increased from US$479,000 in the corresponding period in 2016 to US$1,112,000 in 2017, increased by 132%, which was arisen from the increase in TV rental income with higher gross profit margin than trading of PCB materials.

Administrative expenses

Administrative expenses for the six months ended 30 June 2017 decreased by 4% to US$969,000 as compared to the same period in 2016 of US$1,010,000 which is mainly due to the decrease In staff costs and general administrative expenses.

Market development and promotion expenses

Market development and promotion expenses decreased by 47% to US$1,986,000 (six months ended 30 June 2016: US$3,759,000) which is consultancy service fees for business development, travelling expenses for attending business conferences and meetings as well as research and development costs. The decrease in market development and promotion expenses was due to the decrease in external consultancy services for the Period.

Other expenses

Other expenses for the six months ended 30 June 2017 amounted to US$311,000 (six months ended 30 June 2016: US$406,000) include listing fees, printing charges and corporate legal and professional fees for potential investment and acquisitions and corporate transactions.

Finance costs

Finance costs of the Group for the Period amounted to US$1,123,000 (six months ended 30 June 2016: US$1,012,000) 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 2017.

Impairment of assets

There is no impairment loss recognized on intangible assets for both Periods as the management of the Group determined that the recoverable amount is higher than its carrying amount of the cash generating units arising from intangible assets.

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

The total equity attributable to the owners of the Company decreased to US$158,064,000 as at 30 June 2017 as compared with US$164,553,000 as at 31 December 2016 which was mainly derived from the release of convertible note reserve of US$3,150,000 upon the redemption of the convertible notes in June and the loss for the period of US$3,277,000. Current assets amounted to US$19,262,000 (31 December 2016: US$19,010,000) comprising bank balances and cash of US$3,607,000 (31 December 2016: US$5,925,000), trade and other receivables of US$2,786,000 (31 December 2016: US$1,275,000) and amounts due from related companies of US$5,698,000 (31 December 2016: 4,639,000). Current liabilities amounted to US$19,894,000 (31 December 2016: US$3,863,000) representing trade and other payables of US$19,859,000 (31 December 2016: US$3,828,000) and tax payable of US$35,000 (31 December 2016: US$35,000).

As at 30 June 2017, the Group's current ratio was 1.0 (31 December 2016: 4.9) and the gearing ratio (a ratio of total loans to total assets) was 8.0% (31 December 2016: 9.8%). Other than convertible notes of US$17,284,000, the Group did not have any bank borrowings as at 30 June 2017 (31 December 2016: Nil).

FOREIGN EXCHANGE EXPOSURE

For the Period, most assets, liabilities and transactions of the Group are denominated in United States Dollar. The management of the Group believes that foreign exchange risk does not affect the Group, therefore, the Group did not make any hedging arrangements 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

The average number of employees of the Group for the Period was approximately 30 (six months ended 30 June 2016: 40), and the Group's staff costs amounted to US$700,000 (six months ended 30 June 2016: US$993,000). 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 acquisitions or disposals of subsidiaries or associates other than those announced on website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CHARGE ON ASSETS

As at 30 June 2017, neither the Group nor the Company pledges any properties and assets (31 December 2016: Nil).

CONTINGENT LIABILITIES

As at 30 June 2017, the Group has provided a guaranteed to a third party in aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by a subsidiary of the Group's equity investment (31 December 2016: US$1,551,000) with its outstanding balance of US$1,203,000 (31 December 2016: US$1,203,000).

EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) As disclosed in note 11 to the condensed consolidated financial statements, on 31 October 2016, the Company entered into a sale and purchase agreement with Chi Capital Holdings Ltd ("Chi Capital"), pursuant to which the Company has conditionally agreed to purchase 20% equity interest in Silkwave Holdings Limited ("Silkwave Holdings"), which through its wholly-owned subsidiary, indirectly holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, at a consideration of US$240 million.

Details of this transaction have been set out in the Company's circular dated 31 March 2017. The acquisition has not been completed as at the date of issuance of this interim report.

(ii) On 22 June 2017, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 375,150,000 new shares of the Company for an aggregate consideration of HK$150,060,000 (equivalent to approximately US$19,238,000) at a subscription price of HK$0.4 per subscription share. The subscription was completed on 5 July 2017. The proceeds from the shares issued will be applied mainly for the development of satellite business and financing the Group's working capital. The new shares rank pari passu with the existing shares in all respects.

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 an 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 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' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2017, 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 Issuers ("Model Code") were as follows:

Ordinary shares

Name of Director	Name of corporation	Capacity/nature of interest	Total number of ordinary shares held	Approximate percentage of interest
Mr. Wong Chau Chi	The Company	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 and underlying 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 2017 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 adopted 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 2017, 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 16 to the condensed consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, 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)	513,882,000 (L)	27.39%
Chi Capital Securities Limited	Beneficial owner (Note 2)	39,000,000 (L)	2.08%
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, 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 2017.

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 as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchage (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") 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 and discussed 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 six months ended 30 June 2017. Members of the Audit Committee agree with the accounting treatments adopted in the preparation of the condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the Period were approved by the Board on 15 August 2017.

For and on behalf of the Board
Wong Chau Chi
Chairman

Hong Kong, 15 August 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June 2017 US$'000 (unaudited)	2016 US$'000 (unaudited)
Revenue	3	**3,632**	2,885
Cost of sales		**(2,520)**	(2,406)
Gross profit		**1,112**	479
Interest income		**—**	2
Administrative expenses		**(969)**	(1,010)
Market development and promotion expenses		**(1,986)**	(3,759)
Other expenses		**(311)**	(406)
Finance costs	4	**(1,123)**	(1,012)
Loss before tax		**(3,277)**	(5,706)
Income tax expense	5	**—**	(30)
Loss for the period	6	**(3,277)**	(5,736)
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**193**	(52)
Total comprehensive expense for the period		**(3,084)**	(5,788)
(Loss) profit for the period attributable to:			
– Owners of the Company		**(3,532)**	(5,852)
– Non-controlling interests		**255**	116
Loss for the period		**(3,277)**	(5,736)
Total comprehensive (expense) income attributable to:			
– Owners of the Company		**(3,339)**	(5,904)
– Non-controlling interests		**255**	116
Total comprehensive expense for the period		**(3,084)**	(5,788)
		US cents	US cents
Loss per share	8		
– Basic and diluted		**(0.19)**	(0.34)

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	30 June 2017 US$'000 (unaudited)	31 December 2016 US$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**525**	443
Intangible assets	10	**106,588**	106,588
Deposits for acquisitions of assets	11	**97,477**	91,442
		204,590	198,473
CURRENT ASSETS			
Trade and other receivables	12	**2,786**	1,275
Amounts due from related companies	19(i)	**5,698**	4,639
Bank balances and cash		**3,607**	5,925
		12,091	11,839
Assets classified as held for sale		**7,171**	7,171
		19,262	19,010
CURRENT LIABILITIES			
Trade and other payables	13	**19,859**	3,828
Tax payable		**35**	35
		19,894	3,863
NET CURRENT (LIABILITIES) ASSETS		**(632)**	15,147
TOTAL ASSETS LESS CURRENT LIABILITIES		**203,958**	213,620
NON-CURRENT LIABILITIES			
Convertible Notes	14	**17,284**	20,712
NET ASSETS		**186,674**	192,908
CAPITAL AND RESERVES			
Share capital	15	**2,419**	2,419
Share premium and reserves		**155,645**	162,134
Equity attributable to owners of the Company		**158,064**	164,553
Non-controlling interests		**28,610**	28,355
TOTAL EQUITY		**186,674**	192,908

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	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 2016 (audited)	**2,419**	**199**	**31,987**	**129,757**	**65**	**2,110**	**15,999**	**(36)**	**(17,947)**	**164,553**	**28,355**	**192,908**
(Loss) profit for the period	–	–	–	–	–	–	–	–	(3,532)	(3,532)	255	(3,277)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	193	–	193	–	193
Total comprehensive income (expense) for the period	–	–	–	–	–	–	–	193	(3,532)	(3,339)	255	(3,084)
Release upon redemption of convertible notes	–	–	–	–	–	–	(3,150)	–	–	(3,150)	–	(3,150)
Lapse of share options (expired on 6 May17)	–	–	–	–	(65)	–	–	–	65	–	–	–
As at 30 June 2017 (unaudited)	**2,419**	**199**	**31,987**	**129,757**	**–**	**2,110**	**12,849**	**157**	**(21,414)**	**158,064**	**28,610**	**186,674**
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) profit for the period	–	–	–	–	–	–	–	–	(5,852)	(5,852)	116	(5,736)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(52)	–	(52)	–	(52)
Total comprehensive (expense) income 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)
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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	US$' 000	US$' 000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(3,549)**	(5,728)
Investing activities:		
Purchase of property, plant and equipment	**(152)**	(243)
Deposits paid for acquisitions of assets	**(6,035)**	(42,824)
Interest received	**–**	2
Net cash used in investing activities	**(6,187)**	(43,065)
Financing activities:		
Increase in deposits received for share placement	**15,982**	–
Redemption of convertible notes	**(7,700)**	–
Advances to related companies	**(1,059)**	(831)
Transaction cost related to placing of new shares	**–**	(439)
Proceeds from rights issue	**–**	80,595
Net cash from financing activities	**7,223**	79,325
Net (decrease) increase in cash and cash equivalents	**(2,513)**	30,532
Cash and cash equivalents at beginning of the period	**5,925**	10,412
Effect of foreign exchange rate changes	**195**	(55)
Cash and cash equivalents at end of the period	**3,607**	40,889

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$3,277,000 for the six-month ended 30 June 2017 and the Group's net current liabilities of US$632,000 as at 30 June 2017. 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) On 22 June 2017, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 375,150,000 new shares of the Company for an aggregate consideration of approximately HK$150,060,000 (equivalent to US$19,238,000) at a subscription price of HK$0.4 per ordinary share which is subsequently completed on 5 July 2017. 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$18,367,000 from shareholders for the subscription which is included in other payables as at 30 June 2017 and subsequently transferred to share capital and reserves of the Company.

(b) Chi Capital Holdings Ltd ("Chi Capital") has agreed to provide financial support to enable the Group to meet its financial obligations 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. SIGNIFICANT 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 at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

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 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016 ("2016 Annual Report").

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

The application of the 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. REVENUE AND 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 ("PCB") materials.

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

Six months ended 30 June 2017

	CMMB business US$' 000 (unaudited)	Trading business US$' 000 (unaudited)	Total US$' 000 (unaudited)
Segment revenue	**1,625**	**2,007**	**3,632**
Segment loss	**(202)**	**(88)**	**(290)**
Market development and promotion expenses	**(1,986)**	—	**(1,986)**
Unallocated expenses			**(1,001)**
Loss for the period			**(3,277)**

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	(1,834)	(92)	(1,926)
Market development and promotion expenses	(2,706)	—	(2,706)
Unallocated expenses			(1,104)
Loss for the period			(5,736)

3. REVENUE AND SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of interest income, corporate market development and promotion expenses and central administration expenses This is the measure reported to the executive directors 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	
	2017	2016
	US$' 000	US$' 000
	(unaudited)	(unaudited)
Transmission and broadcasting of television programs	**1,625**	951
Trading of PCB materials	**2,007**	1,934
	3,632	2,885

4. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	US$' 000	US$' 000
	(unaudited)	(unaudited)
Effective interest expense on convertible notes	**1,122**	1,012
Bank interest expense	**1**	—
	1,123	1,012

5. TAXATION

	Six months ended 30 June	
	2017	2016
	US$'000	US$'000
	(unaudited)	(unaudited)
Current tax:		
Withholding tax on foreign income	**—**	30

Withholding tax on foreign income represented People's Republic of China (the "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.

Taiwan Income Tax is calculated at 17% for both periods. No provision for Taiwan Income Tax has been made as the Group does not have any assessable profit arising in Taiwan for both periods.

Taxation arising in the United State of America ("USA") is calculated at 38% for both periods. No provision for Federal Income Tax and State and Local Income Tax has been made as the Group has tax losses brought forward from previous years which are available for set off against the current period's assessable profit.

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

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	US$'000	US$'000
	(unaudited)	(unaudited)
Staff costs, including Directors' remuneration and retirement benefits scheme contributions	**700**	993
Depreciation of property, plant and equipment	**68**	103
Included in other expenses:		
Legal and professional fees	**208**	332
Exchange loss	**55**	22
Consultancy service fees	**613**	2,491
Research and development costs	**750**	939

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	
	2017	2016
	US$' 000	US$' 000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of basic loss per share	**(3,532)**	(5,852)
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**N/A**	N/A
– Share options	**N/A**	N/A
Loss for the period attributable to the owners of the Company for the purposes of basic and diluted loss per share	**(3,532)**	(5,852)

	Six months ended 30 June	
	2017	2016
Number of shares		
Number of ordinary shares for the purposes of basic loss per share	**1,875,960,800**	1,712,251,427
Effect of dilutive potential ordinary shares:		
– Convertible Notes	**N/A**	N/A
– Share options	**N/A**	N/A
Number of ordinary shares for the purposes of basic and diluted loss per share	**1,875,960,800**	1,712,251,427

The computation of diluted loss per share for both periods 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.

9. PROPERTY, PLANTS AND EQUIPMENT

The Group incurred approximately US$152,000 in respect of purchase of equipment during the six months ended 30 June 2017. 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 ACQUISITIONS OF ASSETS

Refundable deposits paid for acquisitions of intangible assets as at 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017 US$' 000 (unaudited)	31 December 2016 US$' 000 (audited)
Satellites and related assets	**97,477**	91,442

Save as disclosed in note 20 of the 2016 Annual Report, On 31 October 2016, the Company entered into a sale and purchase agreement with Chi Capital, pursuant to which the Company has conditionally agreed to purchase 20% equity interest in Silkwave Holdings Limited ("Silkwave Holdings"), which through its wholly-owned subsidiary, indirectly holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, at a consideration of US$240 million. On completion of the transaction, the 20% equity interest in Silkwave Holdings will become an associate of the Group and will be accounted for using the equity method.

As at 30 June 2017, the Group has paid a total amount of approximately US$97,477,000 (31 December 2016: US$91,442,000) for the proposed acquisition of satellite and related assets.

The acquisition has not been completed as at the date of issuance of the condensed consolidated financial statements.

12. TRADE AND OTHER RECEIVABLES

The Group generally allows credit period of 60 to 120 days to its customers of the CMMB Business and Trading Business. The trade receivables are due from three (31 December 2016: two) customers as at 30 June 2017. There was no trade receivable under CMMB business as at 31 December 2016.

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

	30 June 2017 US$'000 (unaudited)	31 December 2016 US$'000 (audited)
Trade receivables:		
0 – 30 days	**730**	259
31 – 60 days	**635**	208
61 – 90 days	**531**	245
Over 90 days	**668**	358
	2,564	1,070
Other receivables and deposits	**162**	149
Prepayments	**60**	56
	2,786	1,275

13. 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 2017 US$'000 (unaudited)	31 December 2016 US$'000 (audited)
Trade payables		
0 – 90 days	**1,208**	703
91 – 180 days	**—**	327
	1,208	1,030
Accruals	**263**	397
Deposits received	**18,367**	2,385
Other payables	**21**	16
	19,859	3,828

14. CONVERTIBLE NOTES

The movement of the liability component of the 2021 Convertible Notes and LA Convertible Notes for the six months ended 30 June 2017 are as follows:

	2021 Convertible Notes US$'000 (unaudited)	**LA Convertible Notes US$'000 (unaudited)**	**Total US$'000 (unaudited)**
At 31 December 2016	17,508	3,204	20,712
Effective interest expenses	942	180	1,122
Redemption during the period	(1,166)	(3,384)	(4,550)
At 30 June 2017	17,284	—	17,284

In the current interim period, the Company has fully redeemed the principal amount of US$5,300,000 for LA Convertible Note and partially redeemed the principal amount of US$2,400,000 for 2021 Convertible Notes.

15. SHARE CAPITAL

	Number of shares	Nominal Value HK$	Shown as US$' 000
Ordinary shares of HK$0.01 each at 1 January 2017 and 30 June 2017	1,875,960,800	18,759,608	2,419

16. 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	Exercise price HK$	Exercise period	Outstanding at 1 January 2017	Forfeited during the Period	Outstanding at 30 June 2017
Consultants	7 May 2014	1.11	7 May 2014 to 6 May 2017	1,045,082	(1,045,082)	—

17. CONTINGENT LIABILITIES

As at 30 June 2017, the Group has provided a guarantee to a third party in aggregate amount of US$1,551,000 in respect of an upgrade project undertaken by a subsidiary of the Group's equity investment (31 December 2016: US$1,551,000) with its outstanding balance of US$1,203,000 (31 December 2016: US$1,203,000).

18. CAPITAL COMMITMENTS

	30 June 2017 US$' 000 (unaudited)	31 December 2016 US$' 000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– broadcasting equipment	**157**	—
– acquisition of 20% equity in Silkwave Holdings	**146,000**	148,558
	146,157	148,558

19. 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 New York Broadband, LLC ("NYBB") which are set out in note 11, the Group reimbursed NYBB of US$440,000 for the current period (six months ended 30 June 2016: US$430,000) 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 2017 US$' 000 (unaudited)	Six months ended 30 June 2016 US$' 000 (unaudited)
Salaries and other benefits	**300**	199

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) As disclosed in note 11 to the condensed consolidated financial statements, on 31 October 2016, the Company entered into a sale and purchase agreement with Chi Capital, pursuant to which the Company has conditionally agreed to purchase 20% equity interest in Silkwave Holdings, which through its wholly-owned subsidiary, indirectly holds the "AsiaStar" satellite, including its 40 MHz spectrum frequency use, orbital slots, and capacity of "AsiaStar" satellite, the "Silkwave-1" satellite under construction and a media service platform with ample international programming, at a consideration of US$240 million.

Details of this transaction have been set out in the Company's circular dated 31 March 2017. The acquisition has not been completed as at the date of issuance of this interim report.

(ii) On 22 June 2017, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 375,150,000 new shares of the Company for an aggregate consideration of HK$150,060,000 (equivalent to approximately US$19,238,000) at a subscription price of HK$0.4 per subscription share. The subscription was completed on 5 July 2017. The proceeds from the shares issued will be applied mainly for the development of satellite business and financing the Group's working capital. The new shares rank pari passu with the existing shares in all respects.

21. RECLASSIFICATION OF COMPARATIVE INFORMATION

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