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## **CMMB VISION HOLDINGS LIMITED**

**中國移動多媒體廣播控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 471)**

### **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF EQUITY INTEREST IN FUXUE AND DESHEN**

#### **SUMMARY**

The Board announced that on 23 August 2010 it has established CMMB Vision China, a wholly-owned subsidiary of the Company created as a WFOE in Beijing, PRC which will act as the Company's operating arm for its CMMB mobile multimedia businesses in China. The Board further announced that it has entered into the Equity Transfer Agreement on 2 September 2010 with the Vendor, pursuant to which the Company will acquire a 30% equity interest in Fuxue and a 30% equity interest in Deshen for a total consideration of HK\$81,606,926, of which HK\$15,351,026 will be paid in cash and the balance of HK\$66,255,900 will be paid in shares to be issued at HK\$0.125 per share by the Company, which represents 11.61% premium to closing price of Last Trading Day and about 18.50% of total current outstanding Company shares. The equity interests will be held under CMMB China Vision. The transactions represent the Company's most important step since its restructuring; they will give the Company a solid platform to instantly operate and generate revenues in the vast China market and position the Company to be the market leader for CMMB and triple network converged (三網融合) services.

Established by the Development and Reform Research Centre of SARFT (廣電總局發展與改革研究中心) and the Media Economics Research Centre of the National University of Communication (中國傳媒大學傳媒經濟研究所), Fuxue today is the leading and currently only CMMB channel turnkey services operator in the PRC. It has operating rights in Liaoning and Yunnan CMMB through government partnerships and is already broadcasting daily programs with its internally developed 40,000-hour strong film library as support. It is also

developing channel services in other provinces and expects to achieve nationwide coverage within a year. Deshen is a leading Chinese media production company and a key director and executive producer for the 2008 Beijing Olympic's Opening and Closing Ceremonies. It is a pioneer in developing the ground-breaking CMMB interactive programs, which bundled with internet e-commerce applications to provide cross-network and content interactive services that will help steer the market of CMMB and triple network convergence. The Acquisition combined with CMMB Vision China will give the Company a solid and integrated platform to own and operate channel services, develop diversified programs, and provide converged multimedia and e-commerce services, instantly allowing the Company to operate and generate revenues in the vast China market.

Mobile TV is a global trend and new consumer preference. China with its self-developed CMMB technology is leading the world in development and is already providing services to the mass public and at the same time promoting CMMB worldwide. As the only standard for mobile TV in China, CMMB is a national development priority, and has give rise to the world's largest mobile TV network through government initiatives and industry alliance. CMMB is also a driving force for triple network convergence, allying China Mobile to provide 3G — mobile TV services (TD-CMMB). China has about 15 million CMMB viewers and expects to reach 300 million by 2015. Currently China is estimated to have a total of 750 million mobile phone users and 800 million TV viewers.

#### **ESTABLISHMENT OF CMMB VISION CHINA**

The Board announced that on 23 August 2010, CMMB Vision China, a wholly-owned subsidiary of the Company, was established as a WFOE in Beijing, PRC, which will act as the Company's operating arm in the PRC to control and develop CMMB technologies, operating licenses, strategic partnerships, as well as CMMB-based business operations.

#### **ACQUISITION OF EQUITY INTEREST IN FUXUE AND DESHEN**

The Board is also pleased to announce that on 2 September 2010, the Company entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Company (or its nominee) will acquire a 30% equity interest in Fuxue and a 30% equity interest in Deshen for a total consideration of HK\$81,606,926, which is payable as to HK\$15,351,026 by way of cash and the balance of HK\$66,255,900 by way of the Company issuing 530,047,200 Consideration Shares to the Vendor at an issue price of HK\$0.125 per Consideration Share. The Consideration Shares represent (i) approximately 18.50% of the total number of issued share capital of the Company immediately prior to the issue of the Consideration Shares; and (ii) approximately 15.61% of the enlarged issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

The issue price of HK\$0.125 per Consideration Shares represents (i) a premium of approximately 11.61% to the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 9.65% to the average closing price of HK\$0.114 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 8.70% to the average closing price of HK\$0.115 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including the Last Trading Day.

#### **LISTING RULES REQUIREMENTS**

As each of the applicable percentage ratios of the Acquisition (other than the profits ratio) is more than 5% but is less than 25%, the Acquisition constitute a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements set out in Rules 14.34 to 14.37 but is exempt from the shareholders' approval requirement under the Listing Rules.

#### **ESTABLISHMENT OF CMMB VISION CHINA**

The Board announced that on 23 August 2010, CMMB Vision China, a wholly-owned subsidiary of the Company, was established as a WFOE in Beijing, the PRC, which will act as the Company's operating platform in the PRC to control and develop CMMB technologies, operating licenses, strategic partnerships, as well as operate CMMB-based businesses.

CMMB is the national standard for China's handheld mobile TV industry developed by Timi Technology (Beijing) of the Academy of SARFT. It enables the delivery of digital mobile TV via both terrestrial and satellite networks directly to mobile devices such as hand-phone, pocket TV, lap-tops, personal media player and GPS that are equipped with a CMMB-enabled chipset and provides video, audio, and data broadcasting and downloading to mobile users anytime anywhere without bandwidth limitation and is high definition quality and low cost, and can receive signals over 350 kilometre/hour without distortion.

Through recent developments, the Company has developed an integrated platform that includes capabilities such as CMMB technology research, CMMB chipset designs, CMMB device applications development, CMMB system integration and interactive technologies. It is intended that the above capabilities will form the main part of operating infrastructure of CMMB Vision China.

#### **ACQUISITION OF EQUITY INTEREST IN FUXUE AND DESHEN**

The Board is also pleased to announce that, on 2 September 2010, the Company entered into the Equity Transfer Agreement the Vendor, pursuant to which the Company (or its nominee) will acquire a 30% equity interest in Fuxue and a 30% equity interest in Deshen for a total consideration of HK \$81,606,926.

The major terms of the Equity Transfer Agreements are summarised below:

### **The Equity Transfer Agreement**

Date: 2 September 2010

Parties: (1) the Company  
(2) the Vendor

Subject matter: Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell and the Company agreed to acquire (by itself or its nominee) 30% interest in each of Fuxue and Deshen. It is intended that the Company will nominate CMMB Vision China to take up the equity interest of Deshen and Fuxue pursuant to the Equity Transfer Agreement.

Consideration: The consideration payable to the Vendor under the Equity Transfer Agreement is HK\$81,606,926, which was determined based on arm's length negotiation between the parties thereto taking into account, among other things, market comparables, discounted future net cash flow, replacement costs, operation readiness, existing and potential operating partnerships in China.

Payment: The consideration is HK\$81,606,926, of which HK\$15,351,026 will be paid by way of cash, and the balance will be by way of the Company issuing 530,047,200 Consideration Shares at an issue price of HK\$0.125 per Consideration Share.

A deposit of HK\$12 million (refundable subject to completion of the Equity Transfer Agreement) was payable upon signing of the Equity Transfer Agreement, which partially has been duly paid by the Company.

The Consideration Shares, (i) representing approximately 18.50% of total number of issued Shares immediately prior to the issue of the Consideration Shares; and (ii) approximately 15.61% of the enlarged issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

The Company will issue the Consideration Shares pursuant to the general mandate to issue Shares approved by shareholders of the Company at the annual general meeting of the Company held on 30 June 2010.

The issue price of HK\$0.125 per Share represents (i) a premium of approximately 11.61% to the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 9.65% to the average closing price of HK\$0.114 per Share as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 8.70% to the average closing price of HK\$0.115 per Share as quoted on the Stock Exchange for last ten consecutive trading days up to and including the Last Trading Day.

Conditions Precedent: Completion of the Equity Transfer Agreement is conditional upon, among other things, (i) satisfactory due diligence on Deshen and Fuxue; (ii) respective approvals from the board and/or the shareholders of the Company and the Vendor where applicable; (iii) approvals by relevant regulatory bodies, including approval of listing of the Consideration Shares being granted by the Stock Exchange.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

With the current initiatives for 3-way network convergence (三網融合) in the PRC, as well as the alliance between CMMB and China Mobile to combine mobile TV with 3G service (the TD-CMMB program), CMMB has become the leading platform to drive the broadcast-telecom-internet converged services. It is an ideal mass multimedia platform that will greatly complement the increasingly congested wireless mobile telecom networks.

Mandated as the national industry standard in China, CMMB has been made a national development priority and given rise to the world's largest mobile TV network, with a complete national infrastructure, mature supply chain, and robust ecosystem thanks government initiatives and industry alliance. Officially launched for commercial services this year under the sole CMMB operator China Broadcasting Corporation ("CBC" (中廣傳播公司), a subsidiary controlled by SARFT, China at present has approximately 15 million CMMB users and expects to reach 300 million by 2015. The Board considers the Acquisition signifies the Company's most important step since its restructuring. It allows the Company to instantly establish a platform in China with end-to-end capabilities to develop and operate CMMB value-added channels, create and provide CMMB TV programs and converged services, and create multiple new revenue sources such as media advertising, content access fees, viewer subscriptions, and interactive e-commerce services, hence solidifying the Company's leading market position.

It is expected that, after completion of the Acquisition, Fuxue will become the Group's principal operating partner for channel services management, and Deshen will be the principal operating partner for CMMB-based programming and interactive multimedia services.

The Directors, including the independent non-executive Directors, consider that the terms of the Equity Transfer Agreement have been entered into on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

### **INFORMATION ON THE VENDOR**

The Vendor is a company incorporated in the British Virgin Islands and is wholly-beneficially owned by Ms. Zhang Xi. The principal business activities of the Vendor is investment holding. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

### **INFORMATION ON DESHEN**

Deshen (德神互動) was established in Beijing in Jun 2010 by Mr. Li Bing. It has assumed all the business operations, equipments, facilities, film library, intellectual properties, customer franchise, and management team from the former Deshen Media (德神傳動), which is a top Chinese media production company for film, TV, 3D animation and advertising. Deshen has produced many of China's top and award-winning commercial videos and acted as a main director and executive producer for the Opening and Closing Ceremonies of 2008 Beijing Olympic. It has extensive relationships with China's media community, film studios, TV stations, as well as advertising and merchandizing customers.

Deshen is a pioneer in developing the ground-breaking CMMB programs bundled with interactive services, which are mobile TV programs intertwined with internet e-commerce applications to become interactive multimedia services that are cross-network and contents. They are ideal for China's triple convergence environment in which CMMB is the leading platform. Typical applications include: interactive advertising, video-on-demand, live audience participation, interactive shopping, education, gaming, lottery, and other e-commerce activities. Such services are effective in luring consumers from traditional media and internet to the converged mobile platform for entertainment and consumption - a definite trend underlying the evolution of triple network convergence.

Immediately prior to the completion of the Equity Transfer Agreement, Deshen is held 100% by the Vendor. To the best knowledge of the Directors having made all reasonable enquiries, each of the Vendor and Ms. Zhang Xi is an Independent third Party.

Since Deshen was established in June 2010, there will be no financial data available for the two financial years ended 31 December 2009.

As of 31 Aug 2010, the unaudited assets from management account of Deshen was approximately RMB20 million.

## **INFORMATION ON FUXUE**

Established in Beijing in 1997, Fuxue was set up jointly by the Development and Reform Research Center of SARFT (廣電總局發展與改革研究中心) and the Media Economics Research Center of the National University of Communication (中國傳媒大學傳媒經濟研究所). Fuxue today is the leading and currently only CMMB channel turnkey services operator in the PRC. It has operating rights in Liaoning and Yunnan CMMB channels through government partnerships and is already daily broadcasting diversified programs with its internally developed 40,000-hour strong film library as support. Fuxue is also developing channel services in other provinces by providing turnkey services to expand business scope, and it expects to achieve nationwide coverage within a year.

In addition, Fuxue has extensive relationship with major Chinese television stations, content providers, and is a founding member of the National Media Association for Higher Education.

Immediately prior to the completion of the Equity Transfer Agreement, Fuxue is held as to 77% by the Vendor, and as to 23% by Mr. Zhou Yu.

For the two financial years ended 31 December 2009, the audited net profits of Fuxue before and after tax are as follows:

<i>For the financial year ended 31 December</i>	<i>Net profit (loss)</i>
2008	(a) before tax:RMB2,197 (b) after tax:RMB2,197
2009	(a) before tax:RMB(4,182,010) (b) after tax:RMB(4,182,010)

As at 31 December 2009, the audited net liabilities of Fuxue was RMB1,179,813.

## **INFORMATION ON THE GROUP**

As mentioned in the announcements of the Company dated 19 January 2010 and 2 July 2010, the Group has evolved into a dedicated developer and promoter of CMMB multimedia services. In China, the Group endeavours to become a leading CMMB value-added service provider. Overseas, the Group provides turnkey CMMB solutions to deploy CMMB systems and networks to international markets, and participates in service operations through local joint-ventures. Its goal is to build a global CMMB franchise and become a global operator.

## **LISTING RULES IMPLICATIONS**

As certain applicable percentage ratio(s) (other than the profits ratio) of the acquisitions pursuant to the Equity Transfer Agreement is more than 5% but less than 25%, such transactions constitute a discloseable transaction of the Company under the Listing Rules and is only subject to the reporting and announcement requirements set out in Rules 14.34 to 14.38 and is exempt from the shareholders' approval requirement under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the 30% equity interest in Deshen and 30% equity interest in Fuxue pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“CMMB”	China Multimedia Mobile Broadcasting, a digital mobile TV technology developed under the SARFT
“CMMB Vision China”	中播華夏有限公司 (CMMB Vision(China) Co., Ltd.), a wholly-owned subsidiary of the Company established under the laws of the PRC
“Company”	CMMB Vision Holdings Ltd. (formerly known as Global Flex Holdings Ltd.), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange

“Consideration Shares”	the 530,047,200 new Shares of the Company to be issued as partial consideration pursuant to the Equity Transfer Agreement
“CMMB”	CMMB is a digital mobile TV technology developed under the SARFT. It delivers digital mobile TV via satellite network directly to all mobile devices such as hand-phone, pocket TV, lap-tops, personal media player and GPS that are equipped with a CMMB-enabled chipset. It provides video, audio, and data broadcasting and downloading to mobile users anytime anywhere without bandwidth limitation and is high definition quality and low cost, and can receive signals over 350 kilometre/hour without distortion.
“Deshen”	北京德神互動文化傳媒有限責任公司 (Deshen (Beijing) Interactive Media Co., Ltd.), a company established under the laws of the PRC
“Deshen Media”	北京德神傳動廣告有限責任公司 (Deshen (Beijing) Interactive Media Co., Ltd.), a company established under the laws of the PRC
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 2 September 2010 entered into between the Company and the Vendor
“Fuxue”	北京富學傳媒文化有限公司 (Fuxue (Beijing) Media Co., Ltd.), a company established under the laws of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	a person, or in the case of a company, the company and its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) and their respective associates
“Last Trading Day”	3 September 2010, being the last day of trading of the Stock Exchange prior to the publication of this announcement

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SARFT”	國家廣播電影電視總局 (the State Administration of Radio, Film, and Television) of the PRC
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Excel Vanguard Ltd., a company incorporated under the laws of British Virgin Islands
“WFOE”	wholly-foreign owned enterprise

By order of the Board  
**CMMB Vision Holdings Limited**  
**Wong Chau Chi**  
*Chairman*

Hong Kong, 3 September 2010

*As at the date of this announcement, the Board comprises one executive Director, namely Mr. WONG Chau Chi; four non-executive Directors, namely Mr. CHOU Tsan-Hsiung, Mr. YANG Yi, Dr. LI Jun and Dr. Hui LIU; and three independent non-executive Directors, namely Mr. WANG Wei-Lin, Mr. YU Kam Kee Lawrence BBS, MBE, JP and Mr. Shan LI.*