



14 January 2022

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY



**FOR AND ON BEHALF OF CHI CAPITAL HOLDINGS LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
CMMB VISION HOLDINGS LIMITED AND FOR THE CANCELLATION
OF ALL THE OUTSTANDING OPTIONS OF CMMB VISION HOLDINGS
LIMITED (OTHER THAN THOSE ALREADY OWNED BY THE
OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, *inter alia*, the Offers.

On 26 November 2021 (after trading hours of the Stock Exchange), the Company has received a conversion notice from the Offeror for the exercise of the conversion rights attached to the Convertible Notes to exercise a total of 108,571,428 Partial Conversion Shares at HK\$0.35 per Conversion Share. The 108,571,428 Partial Conversion Shares have been issued to the Offeror on 30 November 2021.

Immediately after the allotment and issue of the Partial Conversion Shares, the number of issued shares of the Company has been increased to 479,374,860 Shares and the Partial Conversion Shares represent approximately 29.28% of the total issued share capital of the Company immediately before the allotment and issue of the Partial Conversion Shares and approximately 22.65% of the total issued share capital of the Company as enlarged by the allotment and issue of the Partial Conversion Shares.

Furthermore, on 1 December 2021, the Company was also informed by the Offeror before trading hours of the Stock Exchange that the Offeror has purchased on the market an aggregate of 103,428,000 Sale Shares, representing approximately 21.58% of the total issued share capital of the Company as at the date of the Joint Announcement, through block trade transactions on the Stock Exchange during the pre-market opening session on 1 December 2021 at HK\$0.40 per Sale Share and completion took place simultaneously. The Consideration was satisfied by the loan facility under the Loan Agreement.

The vendors of the Sale Shares and their ultimate beneficial owners are independent third parties who are not connected persons of the Offeror and its connected persons or the Offeror's Concert Parties.

Immediately prior to the Partial Conversion and the Completion, the Offeror and the Offeror's Concert Parties owned (i) an aggregate of 33,429,268 Shares, representing approximately 9.02% of the total issued share capital of the Company immediately before the allotment and issue of the Partial Conversion Shares; (ii) 270,000 Options; and (iii) the Convertible Notes. Immediately after the Partial Conversion, the Completion and as at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties are in aggregate interested in (i) 245,428,696 Shares, representing approximately 51.20% of the total issued share capital of the Company as at the Latest Practicable Date; (ii) 270,000 Options; and (iii) the Convertible Notes in the outstanding amount of US\$60,115,681. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares and the Offer Options, being all the issued Shares and outstanding Options (other than those Shares and Options already owned by the Offeror and the Offeror's Concert Parties).

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offers, together with the information of the Offeror and the Offeror's intention regarding the Group. Further details on the terms of the Offers and procedures of acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. The Independent Shareholders and Optionholders are strongly advised to carefully consider the information contained in the sections headed "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Joint Independent Financial Advisers" as well as the appendices as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

MANDATORY UNCONDITIONAL CASH OFFERS

Principal terms of the Share Offer

Kingston Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Share Offer to acquire all the Offer Shares on the terms to be set out in this Composite Document on the following basis:

For each Offer Share HK\$0.40 in cash

The Share Offer Price of HK\$0.40 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Purchases.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all encumbrances and together with all rights attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Comparison of value

The Share Offer Price of HK\$0.40 per Offer Share represents:

- (i) a discount of 50.00% to the closing price of HK\$0.800 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.26% over the closing price of HK\$0.38 per Share quoted on the Stock Exchange on the Last Full Trading Day;
- (iv) a premium of approximately 3.90% over the average of the closing prices quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.385 per Share;
- (v) a premium of approximately 0.76% over the average of the closing prices quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.397 per Share;
- (vi) a discount of approximately 3.19% to the average of the closing prices quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Full Trading Day of approximately HK\$0.413 per Share;

(vii) a discount of approximately 76.77% to the audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.7220 as at 31 December 2020, calculated based on the audited consolidated net assets attributable to the Shareholders of approximately US\$106,103,000 (equivalent to approximately HK\$825,481,340) as at 31 December 2020 and 479,374,860 Shares in issue as at the Latest Practicable Date; and

(viii) a discount of approximately 73.03% to the unaudited consolidated net assets attributable to the Shareholders per Share of approximately HK\$1.4833 as at 30 June 2021, calculated based on the unaudited consolidated net assets attributable to the Shareholders of approximately US\$91,398,000 (equivalent to approximately HK\$711,076,440) as at 30 June 2021 and 479,374,860 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.830 per Share on 5 January 2022; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.228 per Share on 8 September 2021.

Principal terms of the Option Offer

Kingston Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Option Offer to the Optionholders (other than those Options already owned by the Offeror and the Offeror's Concert Parties) to cancel all outstanding Options. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Offer Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$0.30 and HK\$0.275, are below the Share Offer Price of HK\$0.40, the Offer Options are in-the-money and the Option Offer Prices are set at the see-through prices of HK\$0.10 and HK\$0.125 respectively.

For each of the 384,200 Offer Options with an exercise price of HK\$0.30

HK\$0.10 in cash

For each of the 1,445,000 Offer Options with an exercise price of HK\$0.275

HK\$0.125 in cash

The Option Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Securities of the Company

As at the Latest Practicable Date, the Company has (i) 479,374,860 Shares in issue, (ii) 2,099,200 outstanding Options; and (iii) the Convertible Notes in outstanding amount of US\$60,115,681.

Save for the aforesaid, the Company does not have any outstanding options, warrants, derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Value of the Offers

As at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties collectively hold (i) a total of 245,428,696 Shares, representing 51.20% of the issued share capital of the Company; (ii) 270,000 Options; and (iii) the Convertible Notes in the principal amount of US\$60,115,681. Save for the aforesaid, the Offeror and the Offeror's Concert Parties do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Based on the Share Offer Price of HK\$0.40 per Share, 233,946,164 Offer Shares and 1,829,200 Offer Options:

- (i) Assuming that no Offer Options are exercised and the Share Offer is accepted in full:
 - (a) the value of the Share Offer will be approximately HK\$93,578,465.6;
 - (b) the total amount to satisfy the cancellation of all Offer Options will be approximately HK\$219,045.0; and
 - (c) the aggregate amount to satisfy the Offers will be approximately HK\$93,797,510.6.
- (ii) Assuming that all Offer Options are exercised and the Share Offer is accepted in full:
 - (a) the value of the Share Offer will be approximately HK\$94,310,145.6;
 - (b) no amount will be payable by the Offeror under the Option Offer; and
 - (c) the aggregate amount to satisfy the Offers will be approximately HK\$94,310,145.6.

In view of the above, the Offers are valued at approximately HK\$94,310,145.60 in aggregate, being the higher amount of scenarios (i) and (ii) above.

Financial resources confirmation

The Offeror intends to finance the maximum consideration payable under the Offers of approximately HK\$94.3 million through a loan facility of HK\$146.0 million under the Loan Agreement.

On 30 November 2021, the Offeror entered into the Loan Agreement in connection with the loan facility, and the Offeror entered into the Security Charges in favour of Kingston Securities. The payment of interest on, repayment of or security for any existing liability (contingent or otherwise) in relation to the loan facility, will not depend on the business of the Company to any significant extent. The voting rights of the Shares subject to the Security Charges would not be transferred to Kingston Securities unless and until the security under the Security Charge(s) shall have become enforceable, and Kingston Securities has elected to enforce the security thereunder, pursuant to the terms and conditions thereof.

Kingston Corporate Finance, being one of the joint financial advisers to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptances of the Offers.

Effect of accepting the Offers

Acceptance of the Share Offer by any Independent Shareholder will constitute a warranty by such person that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of this Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offers. Furthermore, there was no dividend declared but unpaid as at the Latest Practicable Date.

By accepting the Option Offer, the Offer Options tendered by the Optionholders will be cancelled and renounced together with all rights attaching or accruing thereto.

Acceptances of the Offers shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders and Optionholders are reminded to read the recommendation of the Independent Board Committee and the advice of the Joint Independent Financial Advisers in respect of the Offers which are included in this Composite Document.

Hong Kong stamp duty

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

Taxation advice

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror or the Offeror's Concert Parties, Kingston Securities, the Company, Kingston Corporate Finance, Veda Capital, Rainbow Capital, the Joint Independent Financial Advisers and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Offers and all relevant documents of title in respect of such acceptances are received by the Offeror (or its agents acting on its behalf) to render each such acceptance complete and valid pursuant to the Takeovers Code.

Overseas Shareholders and Optionholders

The Offeror intends to make the Offers available to all Shareholders and Optionholders including the Overseas Shareholders and Optionholders. However, the availability of the Offers to persons with registered addresses in jurisdictions outside Hong Kong may be prohibited or affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong should fully observe any applicable legal and regulatory requirements and, where necessary, seek independent legal advice.

It is the sole responsibilities of the Overseas Shareholders and Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Optionholders in respect of such jurisdictions).

Acceptance of the Offers by any Overseas Shareholder and Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and Optionholders to the Offeror that all local laws and requirements have been complied with. The Overseas Shareholders and Optionholders should consult their professional advisers if in doubt.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the Offeror is wholly-owned by Mr. Wong, who is also the sole director of the Offeror, the chief executive of the Group, an executive Director and chairman of the Board.

Mr. Wong, aged 57, was appointed as an executive Director in May 2007. Mr. Wong is currently the chief executive of the Group and the chairman of the Board. Mr. Wong has extensive experiences in finance, technology and industrial management, working for a variety of companies including Goldman Sachs, Citibank, BNP Paribas, McKinsey, and General Electric. Mr. Wong graduated from the Pomona College in the US with a BA in Economics and International Relations, from the Harvard Kennedy School of Government with an MPP, and matriculated by the St. Antony's College, Oxford reading Political History.

As at the Latest Practicable Date, the Offeror and the Offeror's Concert Parties hold (i) 245,428,696 Shares, which represented 51.20% of the total issued share capital of the Company as at the Latest Practicable Date; (ii) 270,000 Options; and (iii) the Convertible Notes in the outstanding amount of US\$60,115,681.

Save as disclosed above, the Offeror and the Offeror's Concert Parties do not hold any Shares or any other securities of the Company as at the Latest Practicable Date.

INTENTION OF THE OFFEROR ON THE GROUP

It is the intention of the Offeror and Mr. Wong that the Group's existing principal activities will be maintained after the close of the Offers. Following the close of the Offers, the Offeror and Mr. Wong intend to continue to pursue and enhance the development of current business of the Group and to create greater value for the Shareholders, including but not limited to (i) digital upgrade and enhanced spectral efficiency of ATSC 3.0 which will enable the Company to accommodate more lucrative high-definition programming instead of the traditional high-definition linear television in order to revamp and embolden CMDB digital broadcasting and data-casting business in the United States. It can accommodate high-definition and wide screen viewing, also accommodate targeted advertising add-on and video-on-demand services in order to increase profitability from more sophisticated programming; (ii) following the completion of the digital upgrade, utilize the upgraded capacity of stations by working with non-traditional high-definition programmers to capitalize the benefit after the digital upgrade in order to offer better quality and service to current customers and potentially expanding the customer base and also continue to work with local business partners to maintain the core-competence and profitability in the long run; (iii) by leveraging the existing printed circuit board trading knowledge and connection, expanding the contract-manufacturing based printed circuit board business into more sophisticated components and product solutions in the area of artificial intelligence, robotic, and wireless digital electronics; and (iv) integrating and leveraging expertise and access in multimedia, mobile Internet, and satellite to better provide value-added services for connected-car infotainment and mobile multimedia delivery in the PRC and Asia. The Company will continue to explore cooperation opportunity with local business partners across the Asia region.

Save for the above and as at the Latest Practicable Date, no investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group, other than those conducted by the Company in its ordinary course of business and/or those which are immaterial in nature.

Save as in connection with the intention of the Offeror and Mr. Wong regarding the Group as set out above and the change(s) to the composition of the Board (details of which are disclosed in the paragraph below headed "Proposed change to the Board Composition of the Company", the Offeror and Mr. Wong have no intention, understanding, negotiation, arrangement and agreements on expanding, downsizing, terminating or disposing of the existing business of the Company and have no intention to (i) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (ii) introduce any major changes in the existing operations and business of the Group.

Proposed change to the Board Composition of the Company

As at the Latest Practicable Date, the Board was made up of seven Directors, comprising Mr. Wong as the executive Director, Dr. Liu Hui, Mr. Chou Tsan-Hsiung and Mr. Yang Yi as the non-executive Directors and Dr. Li Jun, Mr. Chow Kin Wing and Mr. Tam Hon Wah as the independent non-executive Directors.

The Offeror intends to nominate new directors to the Board and such appointments will not take effect earlier than the date of posting of this Composite Document or such other date as permitted under Takeovers Code. As at the Latest Practicable Date, the Offeror is in the course of identifying additional candidates for the Board and has not reached any final decision as to who will be nominated and the final composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code, the Listing Rules and the articles of association of the Company, and a separate announcement will be made in this regard in accordance with the Listing Rules as and when appropriate.

Save for the change(s) to the composition of the Board as mentioned above, the Offeror has no intention to introduce any significant changes to the management of the Group, or to discontinue the employment of the employees or to change the composition of the Board.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offers. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise or apply any right which may be available to them to acquire compulsorily any Shares outstanding after the close of the Offers.

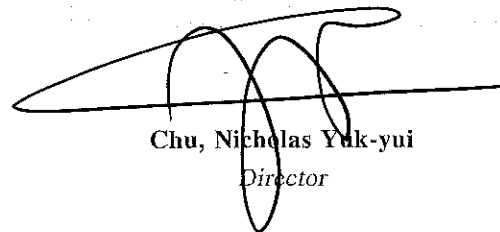
GENERAL

All documents and remittances to be sent to the Independent Shareholders and the Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders and the Optionholders at their respective addresses as they appear in the register of the members of the Company and in the case of joint Independent Shareholders, to such Independent Shareholders whose name appears first in the register of members of the Company (in respect of the Independent Shareholders) or the records of the Company (in respect of the Optionholders). The Offeror, the Offeror's Concert Parties, Kingston Securities, the Company, Kingston Corporate Finance, Veda Capital, Rainbow Capital, the Joint Independent Financial Advisers and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which forms part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Joint Independent Financial Advisers" and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
Kingston Securities Limited



Chu, Nicholas Yuk-yui
Director