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China Digital Video Holdings Limited
中國數字視頻控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8280)

SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement of China Digital Video Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2022 (the “**2021 Unaudited Annual Results Announcement**”) in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the “**2021 Unaudited Annual Results**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2021 Unaudited Annual Results Announcement.

AUDITOR’S AGREEMENT ON THE 2021 ANNUAL RESULTS

The Board is pleased to announce that the Company’s auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton**”), has completed its audit on the consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Consolidated Financial Statements**”), including the financial figures in respect of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position and the notes to the consolidated financial statements.

The 2021 Unaudited Annual Results contained in the 2021 Unaudited Annual Results Announcement remain unchanged.

Set out below are the extracts of the 2021 Consolidated Financial Statements:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	3	249,655	312,040
Cost of sales		(204,017)	(258,231)
Gross profit		45,638	53,809
Other income	4	30,460	61,951
Selling and marketing expenses		(66,886)	(43,577)
Administrative expenses		(33,939)	(29,975)
Research and development expenses		(31,058)	(43,569)
Finance costs	5	(11,175)	(10,289)
Net impairment loss on trade and other receivables and contract assets		(7,560)	(49,095)
Impairment loss on intangible assets		(24,175)	(3,100)
Share of result of a joint venture		—	(387)
Share of results of associates		(4,070)	2,603
Loss before income tax		(102,765)	(61,629)
Income tax expense	6	—	(7,466)
Loss for the year		(102,765)	(69,095)
Other comprehensive expense			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference arising on the translation of a foreign operation		(4,111)	(11,009)
Total comprehensive expense for the year		(106,876)	(80,104)
(Loss)/Profit for the year attributable to:			
Equity holders of the Company		(104,972)	(71,060)
Non-controlling interests		2,207	1,965
		(102,765)	(69,095)
Total comprehensive (expense)/income for the year attributable to:			
Equity holders of the Company		(109,083)	(82,069)
Non-controlling interests		2,207	1,965
		(106,876)	(80,104)
LOSS PER SHARE			
(expressed in RMB cents per share)			
Basic	7	(16.98)	(11.49)
Diluted		(16.98)	(11.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		34,893	40,590
Intangible assets		86,627	110,996
Goodwill		—	—
Interest in a joint venture		—	—
Interests in associates		29,898	33,968
Financial assets at fair value through profit or loss (“FVTPL”)		7,472	9,191
		158,890	194,745
Current assets			
Inventories		34,518	52,225
Trade and other receivables	9	381,105	364,502
Contract assets		45,179	58,530
Restricted bank deposits		2,070	372
Pledged bank deposits		—	52,199
Bank balances and cash		31,192	125,594
		494,064	653,422
Current liabilities			
Trade and other payables	10	253,572	243,831
Contract liabilities		13,418	18,509
Interest-bearing borrowings		91,862	196,810
Income tax liabilities		6,982	6,985
Lease liability		7,807	7,429
		373,641	473,564
Net current assets		120,423	179,858
Total assets less current liabilities		279,313	374,063
Non-current liabilities			
Interest-bearing borrowing		19,800	—
Lease liability		20,546	28,353
		40,346	28,353
Net assets		238,967	346,250
EQUITY			
Share capital	11	43	43
Reserves		234,012	343,095
		234,055	343,138
Equity attributable to equity holders of the Company		234,055	343,138
Non-controlling interests		4,912	3,112
Total equity		238,967	346,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit 1303, 13/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong. The Company's shares were listed on the GEM of the Stock Exchange since 27 June 2016.

The Company is an investment holding company and the Group are principally engaged in research, development and sales of video-related and broadcasting equipment and software and provision of related technical services in the People's Republic of China (the "PRC").

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company is Wing Success Holdings Limited, a company incorporated in the British Virgin Islands, while the ultimate beneficial owner of the Company is Mr. Zheng Fushuang ("Mr. Zheng"), the executive Director of the Company.

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and interpretations issued by the International Accounting Standards Board. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at FVTPL, which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgements in the process of applying the accounting policies of the Group. Although these estimates are based on management’s best knowledge and judgements of current events and actions, actual results may ultimately differ from those estimates.

2.1 Adoption of new and amended IFRSs

(a) New and amended standards adopted by the Group

In the current year, the Group has applied for the first time the following amended IFRSs, which are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2021 and relevant to the Group:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the above amended IFRSs had no material impact on how the consolidated results and consolidated financial position of the Group for the current and prior periods have been prepared and presented.

(b) *Issued but not yet effective IFRSs*

At the date of authorisation of the consolidated financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 17	Insurance Contracts and related amendments ²
Amendments to IFRS 3	Reference to the Conceptual Framework ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁴
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to IFRS 8	Definition of Accounting Estimates ²
Amendments to IFRS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for annual periods beginning on or after 1 April 2021

The Directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. The adoption of new and amended IFRSs are not expected to have a material impact on the Group’s consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group’s operating activities are attributable to a single operating and reporting segment focusing primarily on the research, development and sales of video-related and broadcasting equipment and software and provision of related technical services in the PRC. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision makers (“the “CODM”), being the executive Directors of the Company. The CODM mainly reviews revenue derived from sales of products, solutions and services, which are measured in accordance with the Group’s accounting policies. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective type of revenue. In addition, the CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no segment information is presented.

An analysis of the Group’s revenue is as follows:

	2021	2020
	RMB’000	RMB’000
Solutions	120,495	213,630
Services	70,202	60,303
Products	58,958	38,107
	<u>249,655</u>	<u>312,040</u>

An analysis of the Group's timing of revenue recognition for the year is as follows:

	2021	2020
	RMB'000	RMB'000
At a point in time	179,453	251,737
Over time	70,202	60,303
	<u>249,655</u>	<u>312,040</u>

Geographical information

The Group primarily operates in the PRC. As at 31 December 2021 and 2020, substantially all of the non-current assets (other than financial instruments) of the Group were located in the PRC.

Information about major customers

During the year ended 31 December 2021, RMB25,089,000 (2020: nil) or 10% (2020: nil) of the Group's revenue are generated from a single customer.

4. OTHER INCOME

	2021	2020
	RMB'000	RMB'000
Other revenue		
Interest income	9,226	13,088
Value-added tax refunds	6,940	10,962
	<u>16,166</u>	<u>24,050</u>
Other net income		
Bad debts recovered	1,184	—
Dividend income from financial assets at FVTPL	3,340	—
Fair value (loss)/gain on financial assets at FVTPL	(1,719)	4,256
Gain on deemed disposal of partial interest in an associate	—	14,036
Gain on disposal of property, plant and equipment	7	—
Government grants	7,725	10,561
Gain on disposal of a subsidiary	151	—
Net foreign exchange gains	2,926	7,288
Reversal of accruals	—	1,234
Others	680	526
	<u>14,294</u>	<u>37,901</u>
	<u>30,460</u>	<u>61,951</u>

5. FINANCE COSTS

	2021	2020
	RMB'000	RMB'000
Interest charges on:		
– interest-bearing borrowings	9,564	9,182
– lease liability	1,611	1,107
	<u>11,175</u>	<u>10,289</u>

6. INCOME TAX EXPENSE

	2021	2020
	RMB'000	RMB'000
Current tax — PRC Enterprise Income Tax		
– current year	—	1,800
Deferred income tax	—	5,666
	<u>—</u>	<u>7,466</u>
	<u>—</u>	<u>7,466</u>

7. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated based on the loss attributable to equity holders of the Company of RMB104,972,000 (2020: RMB71,060,000) and the weighted average number of shares of 618,332,000 shares (2020: 618,332,000 shares) of the Company outstanding during the year, excluding the treasury shares held by the Company.

(b) Diluted loss per share

For the years ended 31 December 2021 and 2020, the Company has two categories of potential dilutive ordinary shares: the 2010 Share Option Plan and the 2017 Share Option Scheme. The diluted loss per share for the years ended 31 December 2021 and 2020 was the same as the basic loss per share as all the potential ordinary shares were anti-dilutive.

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

9. TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables		
– third parties	163,305	221,257
– related parties	18,884	7,852
	<u>182,189</u>	<u>229,109</u>
Less: expected credit losses (“ECL”) allowance	(75,426)	(119,197)
	<u>106,763</u>	<u>109,912</u>
Other receivables		
Deposits, prepayments and other receivables	9,057	6,243
Deposits for guarantee certificate over tendering and performance	17,264	22,133
Loan and interest receivables	223,600	169,627
Advances to suppliers	43,158	72,040
Amounts due from related parties	8,523	8,839
Amount due from a joint venture	4,667	2,116
Amounts due from associates	3,677	3,773
Advances to employees	13,694	9,397
	<u>323,640</u>	<u>294,168</u>
Less: ECL allowance	(49,298)	(39,578)
	<u>274,342</u>	<u>254,590</u>
	<u><u>381,105</u></u>	<u><u>364,502</u></u>

Invoices issued to customers are in accordance with the payment terms stipulated in the contracts and payable on issuance. Deposits are normally required upon signing of the contract. For customers with good credit history and selected large television stations in the PRC with sound financial standing, their settlement may be longer than 180 days (2020: 180 days) after issuance of invoices. Ageing analysis, based on invoice dates of the trade receivables and net of the ECL allowance at the end of the reporting period, is as follows:

	2021	2020
	RMB'000	RMB'000
0 to 90 days	23,405	25,287
91 to 180 days	16,432	4,390
181 to 365 days	28,015	41,345
1 to 2 years	21,140	31,781
Over 2 years	17,771	7,109
	<u>106,763</u>	<u>109,912</u>

10. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	RMB'000
Trade payables		
– third parties	93,552	120,976
– a related party	153	391
	<u>93,705</u>	<u>121,367</u>
Other payables		
Other payables and accrued charges	40,348	30,709
Other tax payables	38,261	42,100
Staff costs and welfare accruals	31,572	18,338
Amounts due to related parties	41,368	21,305
Amounts due to associates	4,670	3,310
Deferred income related to government grants	3,648	6,702
	<u>159,867</u>	<u>122,464</u>
	<u>253,572</u>	<u>243,831</u>

The Group was granted by its suppliers credit periods ranging from 30 - 180 days (2020: 30 - 180 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	2021	2020
	RMB'000	RMB'000
0 to 90 days	32,912	64,378
91 to 180 days	15,331	12,234
181 to 365 days	5,627	9,963
1 to 2 years	17,588	13,569
2 to 3 years	9,019	6,403
Over 3 years	13,228	14,820
	93,705	121,367

11. SHARE CAPITAL

A summary of the Company's issued share capital and treasury shares is as follows:

	Number of shares	Authorised share capital US\$
Authorised:		
<i>Ordinary shares of the Company:</i>		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021, at US\$0.00001 each	5,000,000,000	50,000

	Number of shares	Share Capital US\$	Equivalent to RMB'000
Issued and fully paid:			
<i>Ordinary shares of the Company:</i>			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021, at US\$0.00001 each	<u>630,332,000</u>	<u>6,303</u>	<u>43</u>

	Number of treasury shares	Treasury shares US\$	Equivalent to RMB'000
<i>Treasury shares of the Company:</i>			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021, at US\$0.00001 each	<u>12,000,000</u>	<u>120</u>	<u>1</u>

12. CAPITAL COMMITMENTS

	2021 RMB'000	2020 RMB'000
Contracted but not provided for – Investment in an associate	<u>4,900</u>	<u>4,900</u>

SCOPE OF WORK OF GRANT THORNTON

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this supplemental announcement on the annual results for the year ended 31 December 2021 have been agreed by the Company's auditor, Grant Thornton, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Grant Thornton on this announcement.

DESPATCH OF ANNUAL REPORT

Due to the quarantine measures implemented as a result of the outbreak of COVID-19 in Mainland China, the Company will need additional time to finalize the annual report. Accordingly, the Company's annual report containing the consolidated financial statements for the year ended 31 December 2021 will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.cdv.com on Tuesday, 10 May 2022 and despatched to the shareholders of the Company in due course.

By Order of the Board
China Digital Video Holdings Limited
ZHENG Fushuang
Chairman

Hong Kong, 10 May 2022

As at the date of this announcement, the executive Directors are Mr. ZHENG Fushuang, Mr. PANG Gang and Mr. LIU Baodong, and the independent non-executive Directors are Dr. LI Wanshou, Mr. Frank CHRISTIAENS and Ms. CAO Qian.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven (7) days from the date of its posting and be posted on the website of the Company at www.cdv.com.