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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2023**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “**Directors**”) of China Digital Video Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (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.

In this announcement, “we”, “us” or “our” refers to the Company and where the context otherwise requires, the Group (as defined below).

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the fifteen months ended 31 March 2023 (the “**2022/2023 Annual Period**”), together with the comparative figures for the year ended 31 December 2021 (the “**2021 Annual Period**”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2023

	Notes	Fifteen months ended 31 March 2023 RMB'000	Year ended 31 December 2021 RMB'000
Revenue	3	260,331	249,655
Cost of sales		(205,306)	(204,017)
Gross profit		55,025	45,638
Other income	4	39,793	30,460
Selling and marketing expenses		(59,443)	(66,886)
Administrative expenses		(37,476)	(33,939)
Research and development expenses		(19,553)	(31,058)
Finance costs	5	(10,286)	(11,175)
Net impairment loss on trade and other receivables and contract assets		(20,536)	(7,560)
Impairment loss on property, plant and equipment		(12,124)	—
Impairment loss on intangible assets		(23,518)	(24,175)
Impairment loss on interest in an associate		(16,743)	—
Share of results of associates		(2,291)	(4,070)
Loss before income tax		(107,152)	(102,765)
Income tax expense	6	(1,595)	—
Loss for the period/year		(108,747)	(102,765)
Other comprehensive income/(expense)			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference arising on the translation of a foreign operation		11,983	(4,111)
Total comprehensive expense for the period/year		(96,764)	(106,876)

	Fifteen months ended 31 March 2023 RMB'000	Year ended 31 December 2021 RMB'000
	Notes	
(Loss)/Profit for the period/year attributable to:		
Owners of the Company	(111,010)	(104,972)
Non-controlling interests	<u>2,263</u>	<u>2,207</u>
	<u>(108,747)</u>	<u>(102,765)</u>
Total comprehensive (expense)/income for the period/year attributable to:		
Owners of the Company	(99,027)	(109,083)
Non-controlling interests	<u>2,263</u>	<u>2,207</u>
	<u>(96,764)</u>	<u>(106,876)</u>
LOSS PER SHARE		
(expressed in RMB cents per share)	7	
Basic	<u>(17.95)</u>	<u>(16.98)</u>
Diluted	<u>(17.95)</u>	<u>(16.98)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	As at 31 March 2023 RMB'000	As at 31 December 2021 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,544	34,893
Intangible assets		58,790	86,627
Goodwill		—	—
Interest in a joint venture		—	—
Interests in associates		29,183	29,898
Financial assets at fair value through profit or loss (“FVTPL”)		13,321	7,472
		102,838	158,890
Current assets			
Inventories		18,512	34,518
Trade and other receivables	9	197,657	381,105
Contract assets		41,980	45,179
Restricted bank deposits		1,184	2,070
Bank balances and cash		185,169	31,192
		444,502	494,064
Current liabilities			
Trade and other payables	10	251,291	253,572
Contract liabilities		9,546	13,418
Interest-bearing borrowings		126,059	91,862
Income tax liabilities		8,580	6,982
Lease liability		4,320	7,807
		399,796	373,641
Net current assets		44,706	120,423
Total assets less current liabilities		147,544	279,313
Non-current liabilities			
Interest-bearing borrowing		—	19,800
Lease liability		5,341	20,546
		5,341	40,346
Net assets		142,203	238,967

		As at 31 March 2023 RMB'000	As at 31 December 2021 RMB'000
EQUITY			
Share capital	11	43	43
Reserves		<u>135,212</u>	<u>234,012</u>
Equity attributable to owners of the Company		135,255	234,055
Non-controlling interests		<u>6,948</u>	<u>4,912</u>
Total equity		<u>142,203</u>	<u>238,967</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the fifteen months ended 31 March 2023

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 Room A5, 7/F, China United Plaza, 1008 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company's shares were listed on 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 of the Company, 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.

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

2. BASIS OF PREPARATION

These consolidated financial statements of the Group has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) which include 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 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.

Change of financial year end date

Pursuant to the resolution of the board of directors of the Company on 30 December 2022, the Company's financial year end date has been changed from 31 December to 31 March commencing from the period from 1 January 2022 to 31 March 2023. Accordingly, the accompanying consolidated financial statements for the current financial period cover a period of fifteen months from 1 January 2022 to 31 March 2023. The comparative figures, however, are for twelve months from 1 January 2021 to 31 December 2021, and hence are not directly comparable.

2.1 Adoption of new and amended IFRSs

(a) New and amended standards adopted by the Group

In the current period, 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 2022 and relevant to the Group:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020

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 these 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 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	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Disclosure of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date not yet determined

The directors of the Company 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:

	Fifteen months ended 31 March 2023 RMB'000	Year ended 31 December 2021 RMB'000
Solutions	155,993	120,495
Services	65,312	70,202
Products	39,026	58,958
	<u>260,331</u>	<u>249,655</u>

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

	Fifteen months ended 31 March 2023 RMB'000	Year ended 31 December 2021 RMB'000
At a point in time	195,019	179,453
Over time	65,312	70,202
	<u>260,331</u>	<u>249,655</u>

Geographical information

The Group primarily operates in the PRC. As at 31 March 2023 and 31 December 2021, 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 fifteen months ended 31 March 2023, RMB51,015,000 (year ended 31 December 2021: RMB25,089,000) or 20% (year ended 31 December 2021: 10%) of the Group's revenue are generated from a single customer.

4. OTHER INCOME

	Fifteen months	
	ended	Year ended
	31 March	31 December
	2023	2021
	RMB'000	RMB'000
Other revenue		
Interest income	6,766	9,226
Value-added tax refunds	7,264	6,940
	<u>14,030</u>	<u>16,166</u>
Other net income		
Bad debts recovered	2,368	1,184
Dividend income from financial assets at FVTPL	—	3,340
Fair value gain/(loss) on financial assets at FVTPL	5,849	(1,719)
Gain on disposal of property, plant and equipment	—	7
Government grants	6,384	7,725
Gain on disposal of a subsidiary	—	151
Gain on transfer of intangible assets	6,300	—
Gain on lease modification	1,055	—
Gain on deemed disposal partial interest in an associate	2,782	—
Net foreign exchange gains	—	2,926
Others	1,025	680
	<u>25,763</u>	<u>14,294</u>
	<u><u>39,793</u></u>	<u><u>30,460</u></u>

5. FINANCE COSTS

	Fifteen months ended 31 March 2023 RMB'000	Year ended 31 December 2021 RMB'000
Interest charges on:		
– interest-bearing borrowings	9,456	9,564
– lease liability	830	1,611
	<u>10,286</u>	<u>11,175</u>

6. INCOME TAX EXPENSE

	Fifteen months ended 31 March 2023 RMB'000	Year ended 31 December 2021 RMB'000
Current tax - PRC Enterprise Income Tax		
– current period/year	<u>1,595</u>	<u>—</u>

7. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated based on the loss attributable to owners of the Company of RMB111,010,000 (year ended 31 December 2021: RMB104,972,000) and the weighted average number of shares of 618,332,000 shares (year ended 31 December 2021: 618,332,000 shares) of the Company outstanding during the fifteen months ended 31 March 2023, excluding the treasury shares held by the Company.

(b) Diluted loss per share

For the fifteen months ended 31 March 2023, the Company has one category (year ended 31 December 2021: two categories) of potential dilutive ordinary shares, which is the 2017 Share Option Scheme (year ended 31 December 2021: the 2010 Share Option Plan and the 2017 Share Option Scheme). The diluted loss per share for the fifteen months ended 31 March 2023 and the year ended 31 December 2021 is the same as the basic loss per share as all the potential ordinary shares are anti-dilutive.

8. DIVIDENDS

No dividend was paid or proposed during the fifteen months ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2021: nil).

9. TRADE AND OTHER RECEIVABLES

	As at 31 March 2023 RMB'000	As at 31 December 2021 RMB'000
Trade receivables		
– third parties	170,327	163,305
– related parties	19,310	18,884
	<u>189,637</u>	<u>182,189</u>
Less: expected credit losses (“ECL”) allowance	(84,852)	(75,426)
	<u>104,785</u>	<u>106,763</u>
Other receivables		
Deposits, prepayments and other receivables	13,836	9,057
Deposits for guarantee certificate over tendering and performance	13,769	17,264
Loan and interest receivables	23,488	223,600
Advances to suppliers	62,270	43,158
Amounts due from related parties	7,057	8,523
Amount due from a joint venture (note)	6,345	4,667
Amounts due from associates	4,998	3,677
Advances to employees	5,890	13,694
	<u>137,653</u>	<u>323,640</u>
Less: ECL allowance	(44,781)	(49,298)
	<u>92,872</u>	<u>274,342</u>
	<u>197,657</u>	<u>381,105</u>

Note: As at 31 March 2023, among the amount due from a joint venture of RMB6,345,000 (31 December 2021: RMB4,667,000), balance of RMB967,000 (31 December 2021: nil) is trading in nature.

As at 31 March 2023, among the amounts due from associates of RMB4,998,000 (31 December 2021: RMB3,677,000), balance of RMB1,082,000 (31 December 2021: nil) is trading in nature.

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 (31 December 2021: 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:

	As at 31 March 2023 RMB'000	As at 31 December 2021 RMB'000
0 to 90 days	22,121	23,405
91 to 180 days	17,792	16,432
181 to 365 days	25,387	28,015
1 to 2 years	19,889	21,140
Over 2 years	19,596	17,771
	<u>104,785</u>	<u>106,763</u>

10. TRADE AND OTHER PAYABLES

	As at 31 March 2023 RMB'000	As at 31 December 2021 RMB'000
Trade payables		
– third parties	106,648	93,552
– related parties	<u>12,061</u>	<u>153</u>
	<u>118,709</u>	<u>93,705</u>
Other payables		
Other payables and accrued charges	35,495	40,348
Other tax payables	38,692	38,261
Staff costs and welfare accruals	23,014	31,572
Amounts due to related parties	14,371	41,368
Amounts due to associates	6,514	4,670
Amount due to a joint venture	18	—
Amount due to a director	12,965	—
Deferred income related to government grants	<u>1,513</u>	<u>3,648</u>
	<u>132,582</u>	<u>159,867</u>
	<u><u>251,291</u></u>	<u><u>253,572</u></u>

The Group was granted by its suppliers credit periods ranging from 30 - 180 days (31 December 2021: 30 - 180 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 31 March 2023 RMB'000	As at 31 December 2021 RMB'000
0 to 90 days	57,044	32,912
91 to 180 days	9,827	15,331
181 to 365 days	5,450	5,627
1 to 2 years	11,364	17,588
2 to 3 years	8,076	9,019
Over 3 years	26,948	13,228
	<u>118,709</u>	<u>93,705</u>

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 2021, 31 December 2021, 1 January 2022 and 31 March 2023, at US\$0.00001 each	<u>5,000,000,000</u>	<u>50,000</u>

	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 2021, 31 December 2021, 1 January 2022 and 31 March 2023, 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 2021, 31 December 2021, 1 January 2022 and 31 March 2023, at US\$0.00001 each	<u>12,000,000</u>	<u>120</u>	<u>1</u>

12. CAPITAL COMMITMENTS

	As at 31 March 2023 RMB'000	As at 31 December 2021 RMB'000
Contracted but not provided for		
– Investment in an associate	<u>—</u>	<u>4,900</u>

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW

We are a leading digital video technology solution and service company in the TV broadcasting industry in China. We provide a full range of solutions, services and products to TV broadcasters and other digital video content providers to effectively assist and enhance digital video technology content in the upgrade and management works on the post-production segment which forms a critical part of the PRC TV broadcasting market. We have been at the forefront of digital video technology innovation in China. Our emphasis on developing a demand-driven and highly responsive research and development is particularly critical for us because of our focus on the solutions and services business, where the customers demand customized services. Our solutions, services and products businesses facilitate the processing, enhancement and management of digital video content at the post-production stage between the ingestion of raw content and the output of finished content. There is no significant development in the segment in which we operate.

We have established business relationships with most of the central- and provincial-level TV stations in China and with some of the provincial-level TV broadcasters in China for over 25 years. We have also served alternative broadcasting platforms, such as cable networks operators, Internet media content providers and IPTV operators. In view of the sustained losses of the Group, while we will continue with our existing principal business, we will conduct a review of our business activities for the purpose of formulating business plans and strategies for our future business development. We may explore other business opportunities and consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the existing business and/or business diversification will be appropriate in order to enhance our long-term growth potential.

Environmental policies and performance

The details of social responsibilities and environmental policies are set out in the section headed “Environmental, Social and Governance Report” of this announcement.

Compliance with the relevant laws and regulations

As far as the Board and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with employees, customers and suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate, medium and long term business goals. During the Period under review, there was no significant dispute between the Group and its employees, customers and suppliers.

CHANGE OF FINANCIAL YEAR END DATE

The Board resolved to change the financial year end date of the Company from 31 December to 31 March. Immediately following such change, the financial year end date of the Company was 31 March 2023 and the consolidated financial statements of the Company required for publication cover a period of 15 months from 1 January 2022 to 31 March 2023. Please refer to the Company's announcement dated 30 December 2022 for details.

FINANCIAL REVIEW

We recorded a revenue of RMB260.3 million for the 2022/2023 Annual Period, representing an increase of 4.3% from RMB249.7 million for the 2021 Annual Period. We recorded a loss of RMB108.7 million in the 2022/2023 Annual Period as compared to a loss of RMB102.8 million in the 2021 Annual Period.

Revenue

We derived revenue primarily from (i) sale of solutions; (ii) provision of services; and (iii) sale of products.

Our revenue increased by 4.3% to RMB260.3 million for the 2022/2023 Annual Period from RMB249.7 million for the 2021 Annual Period. The increase was due to the increase of revenue generated from the solution business segment.

Cost of Sales

Our cost of sales increased by 0.6% to RMB205.3 million for the 2022/2023 Annual Period from RMB204.0 million for the 2021 Annual Period, as a result of the increase in revenue.

Gross Profit and Gross Profit Margin

Our gross profit represents revenue less cost of sales. Our gross profit increased by 20.6% to RMB55.0 million for the 2022/2023 Annual Period from RMB45.6 million for the 2021 Annual Period, primarily due to the increment in the revenue while the cost of sales remained relatively stable. Our gross profit margin increased to 21.1% for the 2022/2023 Annual Period from 18.3% for the 2021 Annual Period due to as the increase in revenue outweigh the increase in cost of sales.

Other Income

Our other income increased by 30.6% to RMB39.8 million for the 2022/2023 Annual Period from RMB30.5 million for the 2021 Annual Period, primarily due to the increase of software tax rebates as compared with the corresponding period of last year.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 11.1% to RMB59.4 million for the 2022/2023 Annual Period as compared to RMB66.9 million for 2021 Annual Period, primarily due to the decrease in employee compensation to the sales staff.

Administrative Expenses

Our administrative expenses increased by 10.4% to RMB37.5 million for the 2022/2023 Annual Period as compared to RMB33.9 million for the 2021 Annual Period, primarily due to the increase of legal fees.

Research and Development Expenses

Our research and development expenses decreased by 37.0% to RMB19.6 million for the 2022/2023 Annual Period as compared to RMB31.1 million for the 2021 Annual Period, primarily due to the increase in capitalisation of research and development expenditures.

Finance Costs

Our finance costs decreased by 8.0% to RMB10.3 million for the 2022/2023 Annual Period from RMB11.2 million for the 2021 Annual Period, primarily due to the decrease in the average number of days of bank and other borrowings.

Net Impairment Loss on Trade and Other Receivables and Contract Assets

Our net impairment loss on trade and other receivables and contract assets increased to RMB20.5 million for the 2022/2023 Annual Period from RMB7.6 million for the 2021 Annual Period. The increase was primarily due to the increase in the expected credit loss on trade and other receivables.

Loss before Income Tax

As a result of the foregoing factors, we recorded a loss before income tax of RMB107.2 million and RMB102.8 million for the 2022/2023 Annual Period and the 2021 Annual Period, respectively.

Income Tax Expense

We recorded income tax expense of RMB1.6 million for the 2022/2023 Annual Period (2021 Annual Period: nil).

Loss for the Period

As a result of the foregoing factors, we recorded a loss of RMB108.7 million for the 2022/2023 Annual Period as compared to a loss of RMB102.8 million for the 2021 Annual Period.

Other Comprehensive Income/(Expense)

We recorded other comprehensive income of RMB12.0 million for the 2022/2023 Annual Period as compared to other comprehensive expense of RMB4.1 million for the 2021 Annual Period, primarily due to the exchange difference arising on the translation of foreign operation.

Loss attributable to Owners of the Company

We had loss attributable to owners of the Company of RMB111.0 million for the 2022/2023 Annual Period as compared to loss attributable to owners of the Company of RMB105.0 million for the 2021 Annual Period.

Dividend

The Directors did not recommend the payment of a final dividend for the 2022/2023 Annual Period (2021 Annual Period: nil).

ANALYSIS ON AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

Non-current Assets

As at 31 March 2023, our non-current assets amounted to RMB102.8 million (31 December 2021: RMB158.9 million), primarily consisting of intangible assets of RMB58.8 million (31 December 2021: RMB86.6 million), property, plant and equipment of RMB1.5 million (31 December 2021: RMB34.9 million) and interests in associates of RMB29.2 million (31 December 2021: RMB29.9 million). Our intangible assets mainly represent our intellectual properties, patents, trademarks and licenses related to our products and all direct costs incurred in the development of software products. Our interests in associates represent our interests in associates, namely, Beijing Yue Ying Technology Co., Ltd. (北京悦影科技有限公司), Beijing Meicam Network Technology Co, Ltd. (北京美攝網絡科技有限公司), Beijing Xin'aote Smart Sport Innovation Development Co., Ltd. (北京新奧特智慧體育創新發展有限公司), Tuteng Shijie (Guangzhou) Digital Technology Limited Company (圖騰視界(廣州)數字科技有限公司) (“**Tuteng Shijie**”), Xin'aote Fujian Culture Technology Co., Ltd (新奧特(福建)文化科技有限公司), Beijing Jinsong Chuanyi Technology Co., Ltd (北京錦頌創逸技術科技有限公司) (“**Beijing Jinsong**”) and Beijing Xin'aote Sports Media Co., Ltd. (北京新奧特體育傳媒有限公司).

Current Assets

As at 31 March 2023, our current assets amounted to RMB444.5 million (31 December 2021: RMB494.1 million), primarily consisting of trade and other receivables of RMB197.7 million (31 December 2021: RMB381.1 million), bank balances and cash of RMB185.2 million (31 December 2021: RMB31.2 million) and contract assets of RMB42.0 million (31 December 2021: RMB45.2 million).

Current Liabilities

As at 31 March 2023, our current liabilities amounted to RMB399.8 million (31 December 2021: RMB373.6 million), primarily consisting of trade and other payables of RMB251.3 million (31 December 2021: RMB253.6 million), interest-bearing bank and other borrowings of RMB126.1 million (31 December 2021: RMB91.9 million) and contract liabilities of RMB9.5 million (31 December 2021: RMB13.4 million). Contract liabilities of the Group mainly arose from the advance payments made by customers while the underlying products or services were yet to be provided.

Non-current Liabilities

As at 31 March 2023, our non-current liabilities, consisting of lease liability and non-current portion of the bank borrowing, amounted to RMB5.3 million (31 December 2021: RMB40.3 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2023, the current assets of the Group amounted to RMB444.5 million, including RMB197.7 million in trade and other receivables and RMB185.2 million in bank balances and cash. Current liabilities of the Group amounted to RMB399.8 million, of which RMB251.3 million were trade and other payables and RMB126.1 million were interest-bearing bank and other borrowings. As at 31 March 2023, the interest-bearing bank and other borrowings were denominated in Renminbi bearing fixed and floating interest rates.

The gearing ratio of the Group (calculated as total bank and other borrowings divided by total equity) was 88.6% as at 31 March 2023 (31 December 2021: 46.7%).

During the 2022/2023 Annual Period, we did not employ any financial instrument for hedging purposes.

COMMITMENTS

As at 31 March 2023, we had short-term lease commitments in respect of rented office and various residential properties of RMB0.2 million (31 December 2021: RMB0.5 million).

MATERIAL ACQUISITION AND DISPOSAL

On 25 May 2022, China Digital Video (Beijing) Limited* (新奥特(北京)視頻技術有限公司) (“CDV WFOE”), an indirectly wholly owned subsidiary of the Company and Tuteng Shijie entered into an equity transfer agreement, pursuant to which CDV WFOE conditionally agreed to sell, and Tuteng Shijie conditionally agreed to purchase, the entire equity interest in Beijing Jinsong, at a consideration of RMB9.0 million. Upon completion of the abovesaid transaction, the Company is interested in 30% of the entire equity interests in Beijing Jinsong by virtue of its shareholding in Tuteng Shijie through CDV WFOE, and Beijing Jinsong ceased to be the subsidiary of the Company. For details, please refer to the announcements of the Company dated 25 May 2022 and 26 May 2022.

Saved as disclosed above, we made no material acquisition or disposal of subsidiaries, associates and joint ventures during 2022/2023 Annual Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCE OF FUNDING

We do not have plans for material investments or acquisition of capital assets.

FOREIGN CURRENCY RISK

Our subsidiaries mainly operate in the PRC and the majority of our transactions are settled in Renminbi except for certain bank balances which are denominated in U.S. dollars. Foreign currency risk arises when commercial transactions and recognized assets and liabilities are denominated in a currency that is not either the Company’s or our subsidiaries’ functional currency. As at 31 March 2023, we did not have significant foreign currency risk from our operations. During the 2022/2023 Annual Period, we did not enter into any arrangements to hedge against any fluctuation in foreign currency.

CHARGE ON ASSETS

As at 31 March 2023, we had restricted and pledged deposits of RMB1.2 million (31 December 2021: RMB2.1 million) held in banks for the purpose of contract related deposits or payments, guarantees issued for trade finance facilities and security of bank borrowings.

HUMAN RESOURCES

As at 31 March 2023, we had 388 full-time employees and 38 dispatched workers (31 December 2021: 530 full-time employees and 40 dispatched workers). The remuneration package of the employees includes salary, sales commission, bonus and other cash subsidies. For the 2022/2023 Annual Period and the 2021 Annual Period, the remuneration expense, including both capitalized and expensed, was approximately RMB93.8 million and RMB111.2 million, respectively. In general, employees' salaries are determined based on individual performance, qualification, position and seniority. We place strong emphasis on recruiting skilled personnel. We typically recruit talents from universities and technical schools and conduct annual reviews to assess our employees' performance and determine their salary, bonus and promotion. We also place a strong emphasis on providing training to our employees in order to enhance their technical and product knowledge as well as comprehension of industry quality standards.

CONTINGENT LIABILITIES

As at 31 March 2023, we did not have any material contingent liabilities (31 December 2021: nil). We are not currently involved in any material legal proceedings, nor are we aware of any proceedings or potential material legal proceedings.

OUTLOOK

Our long-term objective is to become a leading integrated digital video technology, service and media company in China. To achieve this goal, we will continue to (a) gain market share by offering solutions based on latest industry trends and expanding customer base; (b) create recurring and high margin revenue streams by further strengthening and developing our service business; (c) further develop and invest in innovative products and businesses; and (d) selectively pursue strategic investments and acquisitions.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices.

Mr. Zheng was appointed as the chief executive officer of the Company (the “CEO”) with effect from 3 April 2018 and is currently serving as both the chairman (the “Chairman”) and the CEO of the Company. Such practice deviates from code provision A.2.1 of the Corporate Governance Code. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group’s business strategies and boost the effectiveness of its operation. The Board is comprised of three executive Directors and three independent non-executive Directors, which is appropriately structured to ensure that there is a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders. Therefore, the Board considers that the deviation from the code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

In the opinion of the Board, save as disclosed in the above, the Company has complied with the Code from 1 January 2022 and up to the date of this announcement.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings regarding Directors’ securities transactions as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Among other things, the Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of financial results of the Group.

Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standards of dealings from 1 January 2022 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE LISTING SECURITIES OF THE COMPANY OR ANY OF ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the 2022/2023 Annual Period.

AUDIT COMMITTEE

The Audit Committee was established on 23 May 2016. The chairman of the Audit Committee is Mr. Li Youliang, our independent non-executive Director, and other members are Dr. Li Wanshou and Mr. Frank CHRISTIAENS, our independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the GEM website and on the Company’s website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, effectiveness of the internal audit function, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's consolidated financial statements for the 2022/2023 Annual Period have been reviewed by the Audit Committee, and the Audit Committee is of the opinion that such results complied with the applicable standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosures had been made.

SCOPE OF WORK OF GRANT THORNTON

The financial information in respect of the Group consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and the related notes thereto for the fifteen months ended 31 March 2023 as set out in this announcement have been agreed by the Group's auditors, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's draft consolidated financial statements for the period. 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 assurance has been expressed by Grant Thornton on this announcement.

ANNUAL GENERAL MEETING

The 2023 annual general meeting will be held on or before 30 September 2023. A notice convening the 2023 annual general meeting will be published on the website of the Stock Exchange and the Company and dispatched to the Shareholders in due course.

EVENT AFTER THE REPORTING PERIOD

There was no event after the reporting period and up to the date of this announcement which would have a material impact on the Company's financial position.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.cdv.com. The annual report of the Company for the 2022/2023 Annual Period containing all the information required by the GEM Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

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

Hong Kong, 30 June 2023

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 Mr. Frank CHRISTIAENS, Mr. LI Youliang and Dr. LI Wanshou.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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 Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.cdv.com.