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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**CHARACTERISTICS OF THE 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 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.

## **INTERIM RESULTS**

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023 (the “**2023 Interim Period**”), together with the comparative figures for the corresponding period in 2022 (the “**2022 Interim Period**”), as follows.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

		(Unaudited)		(Unaudited)	
		Three months ended		Six months ended	
		30 September		30 September	
	Notes	2023	2022	2023	2022
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>	3	<b>36,568</b>	29,098	<b>78,708</b>	85,875
Cost of sales		<u>(26,755)</u>	<u>(24,033)</u>	<u>(55,242)</u>	<u>(78,147)</u>
<b>Gross profit</b>		<b>9,813</b>	5,065	<b>23,466</b>	7,728
Other income	4	<b>12,370</b>	4,311	<b>13,730</b>	14,527
Selling and marketing expenses		<b>(9,825)</b>	(13,842)	<b>(23,457)</b>	(25,689)
Administrative expenses		<b>(19,658)</b>	(14,673)	<b>(27,500)</b>	(24,366)
Research and development expenses		<b>(7,917)</b>	(5,233)	<b>(14,030)</b>	(10,418)
Finance costs	5	<b>(2,261)</b>	(1,930)	<b>(4,835)</b>	(5,620)
Net impairment loss on trade and other receivables and contract assets		<b>3,764</b>	(1,680)	<b>(183)</b>	5,084
Share of results of associates		<u>(4,264)</u>	<u>(1,350)</u>	<u>(3,550)</u>	<u>949</u>
<b>Loss before income tax</b>	6	<b>(17,978)</b>	(29,332)	<b>(36,359)</b>	(37,805)
Income tax	7	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Loss for the period</b>		<u><b>(17,978)</b></u>	<u>(29,332)</u>	<u><b>(36,359)</b></u>	<u>(37,805)</u>
<b>Other comprehensive income/(expense)</b>					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange difference arising on the translation of foreign operation		<u><b>11,360</b></u>	<u>(14,696)</u>	<u><b>6,837</b></u>	<u>(15,940)</u>
<b>Total comprehensive expense for the period</b>		<u><b>(6,618)</b></u>	<u>(44,028)</u>	<u><b>(29,522)</b></u>	<u>(53,745)</u>

Notes	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<b>(Loss)/Profit for the period</b>				
<b>attributable to:</b>				
Equity holders of the Company	<b>(17,729)</b>	(32,384)	<b>(36,695)</b>	(38,978)
Non-controlling interests	<b>(249)</b>	3,052	<b>336</b>	1,173
	<u><b>(17,978)</b></u>	<u>(29,332)</u>	<u><b>(36,359)</b></u>	<u>(37,805)</u>
<b>Total comprehensive (expense)/</b>				
<b>income for the period</b>				
<b>attributable to:</b>				
Equity holders of the Company	<b>(6,369)</b>	(47,080)	<b>(29,858)</b>	(54,918)
Non-controlling interests	<b>(249)</b>	3,052	<b>336</b>	1,173
	<u><b>(6,618)</b></u>	<u>(44,028)</u>	<u><b>(29,522)</b></u>	<u>(53,745)</u>
<b>LOSS PER SHARE</b>				
		7		
<b>(expressed in Renminbi</b>				
<b>("RMB") cents per share)</b>				
Basic	<u><b>(2.87)</b></u>	<u>(5.24)</u>	<u><b>(5.93)</b></u>	<u>(6.30)</u>
Diluted	<u><b>(2.87)</b></u>	<u>(5.24)</u>	<u><b>(5.93)</b></u>	<u>(6.30)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 30 SEPTEMBER 2023*

		(Unaudited)	(Audited)
		As at	As at
		30 September	31 March
	Notes	2023	2023
		RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,114	1,544
Intangible assets		46,734	58,790
Goodwill		—	—
Interests in joint ventures		—	—
Interests in associates		33,705	29,183
Financial assets at fair value through profit or loss ("FVTPL")		13,321	13,321
		<b>94,874</b>	102,838
<b>Current assets</b>			
Inventories		43,417	18,512
Trade and other receivables	9	220,433	197,657
Contract assets		50,261	41,980
Restricted bank deposits	10	1,201	1,184
Bank balances and cash	10	152,291	185,169
		<b>467,603</b>	444,502

		(Unaudited)	(Audited)
		As at	As at
		30 September	31 March
	Notes	2023	2023
		RMB'000	RMB'000
<b>Current liabilities</b>			
Trade and other payables	11	266,677	251,291
Contract liabilities		13,097	9,546
Interest-bearing borrowings	12	160,165	126,059
Income tax liabilities		8,670	8,580
Lease liability		700	4,320
		<u>449,309</u>	<u>399,796</u>
<b>Net current assets</b>		<u>18,294</u>	<u>44,706</u>
<b>Total assets less current liabilities</b>		<u>113,168</u>	<u>147,544</u>
<b>Non-current liabilities</b>			
Lease liability		487	5,341
<b>Net assets</b>		<u>112,681</u>	<u>142,203</u>
<b>EQUITY</b>			
Share capital	13	43	43
Reserves		105,354	135,212
Equity attributable to equity holders of the Company		105,397	135,255
Non-controlling interests		7,284	6,948
<b>Total equity</b>		<u>112,681</u>	<u>142,203</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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, Ugland 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 ultimate holding company of the Company is Wing Success Limited, a company incorporated in the British Virgin Islands, while the ultimate beneficial owner of the Company is Mr. Zheng Fushuang, the executive director of the Company.

These condensed consolidated interim financial information of the Group for the six months ended 30 September 2023 (the "**Interim Financial Information**") are presented in RMB, unless otherwise stated.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2023 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Interim Financial Information has been prepared on the historical cost basis except for financial assets at FVTPL, which are measured at fair values.

The Interim Financial Information has been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the fifteen months ended 31 March 2023, except for the adoption of the new and amended International Financial Reporting Standards (“IFRSs”) issued by the IASB which are effective as of 1 April 2023.

IFRS 17	Insurance Contracts and related amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Disclosure of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of these new and 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.

The Group has not early adopted any other new and amended IFRSs that has been issued but are not yet effective for the current accounting period. The directors of the Company anticipate that all of the new and amended IFRSs will be adopted in the Group’s accounting period beginning on or after the effective date of the pronouncement. The adoption of the new and amended IFRSs are not expected to have a material impact on the Group’s Interim Financial Information.



### **3. REVENUE AND SEGMENT INFORMATION**

The Group's operating activities are attributable to a single reportable and operating 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 sale 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. 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:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Solutions	<b>15,848</b>	14,656	<b>25,963</b>	26,397
Services	<b>13,967</b>	12,311	<b>36,830</b>	25,127
Products	<b>6,753</b>	2,131	<b>15,915</b>	34,351
	<b><u>36,568</u></b>	<u>29,098</u>	<b><u>78,708</u></b>	<u>85,875</u>

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

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
At a point of time	<b>22,601</b>	16,787	<b>41,878</b>	60,748
Over time	<b>13,967</b>	12,311	<b>36,830</b>	25,127
	<b><u>36,568</u></b>	<u>29,098</u>	<b><u>78,708</u></b>	<u>85,875</u>

#### 4. OTHER INCOME

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Other revenue</b>				
Interest income	2	2,731	11	3,610
Value-added tax (“VAT”) refunds (note (a))	<u>582</u>	<u>509</u>	<u>1,630</u>	<u>1,270</u>
	<u><b>584</b></u>	<u>3,240</u>	<u><b>1,641</b></u>	<u>4,880</u>
<b>Other net income</b>				
Government grants (note (b))	253	811	556	1,709
Net foreign exchange loss	—	(226)	—	—
Sundry income	15	486	15	1,638
Gain on transfer of intangible assets	—	—	—	6,300
Gain on lease modification	7,544	—	7,544	—
Reversal of allowance for inventories	<u>3,974</u>	<u>—</u>	<u>3,974</u>	<u>—</u>
	<u>11,786</u>	<u>1,071</u>	<u>12,089</u>	<u>9,647</u>
	<u><b>12,370</b></u>	<u>4,311</u>	<u><b>13,730</b></u>	<u>14,527</u>

Notes:

- (a) Companies which develop their own software products and have the software products registered with the relevant authorities in the PRC are entitled to a refund of VAT equivalent to the excess over 3% of the sales invoice amount paid in the month when output VAT exceeds input VAT for the six months ended 30 September 2023 and 2022.

- (b) Government grants for the six months ended 30 September 2023 and 2022 mainly relate to cash subsidies in respect of operating and developing activities and such cash subsidies are received from the governments. The government grants are either unconditional grants or grants with conditions having been satisfied.

## 5. FINANCE COSTS

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Interest charges on:				
– interest-bearing borrowings	<b>2,244</b>	1,764	<b>4,728</b>	5,274
– lease liability	<b>17</b>	166	<b>107</b>	346
	<u><b>2,261</b></u>	<u>1,930</u>	<u><b>4,835</b></u>	<u>5,620</u>

## 6. INCOME TAX

### (a) Hong Kong Profits Tax

Hong Kong Profits Tax rate is calculated at 16.5% (2022: 16.5%) for the six months ended 30 September 2023. No provision for Hong Kong Profits Tax has been made since no assessable profits has been generated by the Group.

### (b) PRC Enterprise Income Tax

Under the Law of the PRC on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except for certain subsidiaries which obtained the “High and New Technology Enterprise” qualification with preferential tax rate of 15% (2022: 15%) for the six months ended 30 September 2023.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 175% (2022: 175%) of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (the “**Super Deduction**”). The Group has made its best estimate for the Super Deduction to be claimed in ascertaining their assessable profits for six months ended 30 September 2023 and 2022.

**(c) PRC withholding tax**

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group's foreign-owned enterprises in the PRC in respect of its profits generated from 1 January 2008.

Under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, dividends paid by a PRC resident enterprise to its direct holding company in Hong Kong will be subject to withholding tax at a reduced rate of 5% (if the Hong Kong investor is the "beneficial owner" and owns directly at least 25% of the equity interest of the PRC resident enterprise for the past twelve months before the dividends distribution).

The Group is not subject to tax under other jurisdictions during the six months ended 30 September 2023 and 2022.

**7. LOSS PER SHARE**

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss</b>				
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to equity holders of the Company)	<u><b>(17,729)</b></u>	<u><b>(32,384)</b></u>	<u><b>(36,695)</b></u>	<u><b>(38,978)</b></u>

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Number of shares</b>				
<b>(in thousands)</b>				
Weighted average number of ordinary shares outstanding for the purpose of basic and diluted loss per share	<b><u>618,332</u></b>	<u>618,332</u>	<b><u>618,332</u></b>	<u>618,332</u>

For the three months and six months ended 30 September 2023 and 2022, the Company has potential dilutive ordinary shares from a share option scheme adopted by the Company on 18 May 2017. The diluted loss per share for the three months and six months ended 30 September 2023 and 2022 was 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 six months ended 30 September 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

## 9. TRADE AND OTHER RECEIVABLES

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2023	2023
	RMB'000	RMB'000
<b>Trade receivables</b>		
From third parties	120,779	170,327
From related parties	5,146	19,310
	<u>125,925</u>	<u>189,637</u>
Less: Expected credit losses (“ECL”) allowance	(84,852)	(84,852)
	<u>41,073</u>	<u>104,785</u>
<b>Other receivables</b>		
Deposits, prepayments and other receivables	13,381	13,836
Deposit for guarantee certificate over tendering and performance	11,035	13,769
Loan receivables	24,941	23,488
Advances to suppliers	107,393	62,270
Amounts due from related parties	25,964	7,057
Amounts due from a joint venture	6,598	6,345
Amounts due from associates	30,692	4,998
Advances to employees	5,772	5,890
	<u>225,776</u>	<u>137,653</u>
Less: ECL allowance	(46,416)	(44,781)
	<u>179,360</u>	<u>92,872</u>
	<u><u>220,433</u></u>	<u><u>197,657</u></u>



The directors of the Company considered that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

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, its settlement may be longer than 180 days (31 March 2023: 180 days) after issuance of invoices. Ageing analysis based on invoiced date of the trade receivables and net of ECL allowance at the end of the reporting period, is as follows:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b>RMB'000</b>	RMB'000
0 to 90 days	<b>6,503</b>	22,121
91 to 180 days	<b>2,763</b>	17,792
181 to 365 days	<b>12,055</b>	25,387
1 to 2 years	<b>7,104</b>	19,889
Over 2 years	<b>12,648</b>	19,596
	<b><u>41,073</u></b>	<u>104,785</u>

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

## 10. CASH AND CASH EQUIVALENT

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b>RMB'000</b>	RMB'000
Cash at banks and on hand	<b>153,492</b>	186,353
Restricted bank deposits	<b>(1,201)</b>	(1,184)
Bank balances and cash per the condensed consolidated statement of financial position	<b>152,291</b>	185,169
Time deposits with original maturities exceeding three months	<b>(150,000)</b>	—
Cash and cash equivalent	<b><u>2,291</u></b>	<b><u>185,169</u></b>

## 11. TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2023	2023
	RMB'000	RMB'000
<b>Trade payables</b>		
Third parties	100,493	106,648
A related party	1,788	12,061
	<u>102,281</u>	<u>118,709</u>
<b>Other payables</b>		
Other payables and accrued charges	56,041	35,495
Other tax liabilities	33,027	38,692
Staff costs and welfare accruals	28,834	23,014
Amounts due to related parties	12,127	14,371
Amounts due to associates	8,212	6,514
Amount due to a joint venture	—	18
Amount due to a director	25,172	12,965
Deferred income related to government grants	983	1,513
	<u>164,396</u>	<u>132,582</u>
	<u><u>266,677</u></u>	<u><u>251,291</u></u>

The Group was granted by its suppliers credit periods ranging from 30 - 180 days (31 March 2023: 30 - 180 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b>RMB'000</b>	RMB'000
0 to 90 days	<b>33,409</b>	57,044
91 to 180 days	<b>642</b>	9,827
181 to 365 days	<b>1,426</b>	5,450
1 to 2 years	<b>10,339</b>	11,364
2 to 3 years	<b>15,366</b>	8,076
Over 3 years	<b>41,099</b>	26,948
	<b>102,281</b>	118,709

## 12. INTEREST-BEARING BORROWINGS

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2023	2023
	RMB'000	RMB'000
<b>Current</b>		
Bank borrowings, unsecured	159,194	119,600
Other borrowings, unsecured	971	6,459
	<u>160,165</u>	<u>126,059</u>

As at 30 September 2023, the Group's bank and other borrowings were repayable as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2023	2023
	RMB'000	RMB'000
Carrying amount repayable, based on the scheduled repayment dates as set out in the loan agreements:		
– within one year	<u>160,165</u>	<u>126,059</u>
Total carrying amount shown under current liabilities	<u>160,165</u>	<u>126,059</u>

### 13. SHARE CAPITAL

	Number of shares	Nominal value of shares US\$
<b>Authorised:</b>		
<b><i>Ordinary shares of the Company</i></b>		
As at 1 January 2022, 31 March 2023 (audited), 1 April 2023 and 30 September 2023 (unaudited), 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
<b>Issued and fully paid:</b>			
<b><i>Ordinary shares of the Company</i></b>			
As at 1 January 2022, 31 March 2023 (audited), 1 April 2023 and 30 September 2023 (unaudited)	<u>630,332,000</u>	<u>6,303</u>	<u>43</u>

	Number of shares	Share capital US\$	Equivalent to RMB'000
<b><i>Treasury shares of the Company:</i></b>			
As at 1 January 2022, 31 March 2023 (audited), 1 April 2023 and 30 September 2023 (unaudited)	<u>12,000,000</u>	<u>120</u>	<u>1</u>

## 14. COMMITMENTS

### Lease commitments

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b>RMB'000</b>	RMB'000
Within one year	<b><u>653</u></b>	<u>163</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

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, a critical part of the People's Republic of China (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 R&D 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.

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 26 years. We have also served alternative broadcasting platforms, such as cable network operators, Internet media content providers and IPTV operators. In view of the sustained losses of the Group, while we will continue 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.



## **FINANCIAL REVIEW**

We recorded a total revenue of RMB78.7 million for the 2023 Interim Period, representing a decrease of 8.3% from RMB85.9 million for the 2022 Interim Period. We recorded a loss of RMB36.4 million for the 2023 Interim Period as compared to RMB37.8 million for the 2022 Interim Period, primarily due to increase in gross profit.

Our cost of sales was RMB55.2 million for the 2023 Interim Period as compared to RMB78.1 million for the 2022 Interim Period. Our gross profit margin increased from 9.0% for the 2022 Interim Period to 29.8% for the 2023 Interim Period. Such increase was mainly due to the higher proportion of service contracts with higher gross profit margin.

## **ANALYSIS ON INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS**

### **Revenue**

We derived revenue primarily from (i) sale of solutions; (ii) provision of services; and (iii) sale of products. Our revenue decreased by 8.3% to RMB78.7 million for the 2023 Interim Period from RMB85.9 million for the 2022 Interim Period. The decrease in revenue was mainly attributable to the impact from pressure of domestic economic environment and the development of media diversification, as well as delay in tendering and implementation of projects.

### **Cost of Sales**

Our cost of sales was RMB55.2 million for the 2023 Interim Period as compared to RMB78.1 million for the 2022 Interim Period. The decrease was due to the lower cost of service contracts.

## **Gross Profit and Gross Profit Margin**

Our gross profit represents revenue less cost of sales. Our gross profit increased by 203.6% to RMB23.5 million for the 2023 Interim Period from RMB7.7 million for the 2022 Interim Period, primarily due to the lower cost of service projects. Our gross profit margin increased to 29.8% for the 2023 Interim Period from 9% for the 2022 Interim Period.

## **Other Income**

Our other income decreased by 5.5% to RMB13.7 million for the 2023 Interim Period from RMB14.5 million for the 2022 Interim Period as a result of i) the decrease in interest income; ii) net gains from transfer of intangible assets in the 2022 Interim Period, as compared to nil in the 2023 Interim Period.

## **Selling and Marketing Expenses**

Our selling and marketing expenses decreased by 8.7% to RMB23.5 million for the 2023 Interim Period from RMB25.7 million for the 2022 Interim Period, primarily due to decrease in selling and marketing activities.

## **Administrative Expenses**

Our administrative expenses increased by 12.9% to RMB27.5 million for the 2023 Interim Period from RMB24.4 million for the 2022 Interim Period due to the optimization of personnel and the increase in staff costs.

## **Research and Development Expenses**

Our research and development expenses increased by 34.7% to RMB14.0 million for the 2023 Interim Period as compared to RMB10.4 million for the 2022 Interim Period due to the higher investment in research and development on software.

## **Finance Costs**

Our finance costs decreased by 14.0% to RMB4.8 million for the 2023 Interim Period from RMB5.6 million for the 2022 Interim Period, primarily due to the decrease in bank loan interest expenses.

## **Net Impairment Loss on Trade and Other Receivables and Contract Assets**

Our net impairment loss on trade and other receivables and contract assets of RMB0.2 million was recognised for the 2023 Interim Period as compared to impairment loss on trade and other receivables and contract assets of RMB5.1 million for the 2022 Interim Period as a result of decrease in expected credit risk on receivables.

## **Loss before Income Tax**

As a result of the foregoing factors, we recorded a loss before income tax of RMB36.4 million for the 2023 Interim Period as compared to RMB37.8 million for the 2022 Interim Period.

## **Income Tax**

Due to operating losses, we are not subject to any income tax expenses.

## **Loss for the 2023 Interim Period**

As a result of the foregoing factors, we recorded a loss of RMB36.4 million for the 2023 Interim Period as compared to RMB37.8 million for the 2022 Interim Period.

### **Other Comprehensive Income/Expense**

We recorded other comprehensive income of RMB6.8 million for the 2023 Interim Period as compared to comprehensive expense of RMB15.9 million for the 2022 Interim Period, primarily due to the exchange difference arising from the translation of Renminbi from U.S. dollars.

### **Total Comprehensive Expense for the 2023 Interim Period**

We recorded a decrease of total comprehensive expense by RMB24.2 million to RMB29.5 million for the 2023 Interim Period from RMB53.7 million for the 2022 Interim Period, primarily due to i) the increase in gross profit; and ii) the decrease in comprehensive expense during the 2023 Interim Period.

### **Loss Attributable to Equity Holders and Non-controlling Interests**

We recorded a loss attributable to equity holders and non-controlling interests of the Company of RMB36.4 million for the 2023 Interim Period as compared to RMB37.8 million for the 2022 Interim Period.

## **ANALYSIS ON CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS**

### **Non-current Assets**

As at 30 September 2023, our non-current assets amounted to RMB94.9 million (as compared to RMB102.8 million as at 31 March 2023), primarily consisting of intangible assets of RMB46.7 million (as compared to RMB58.8 million as at 31 March 2023), property, plant and equipment of RMB1.1 million (as compared to RMB1.5 million as at 31 March 2023) and interests in associates of RMB33.7 million (as compared to RMB29.2 million as at 31 March 2023). 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), 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) 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 30 September 2023, our current assets amounted to RMB467.6 million (as compared to RMB444.5 million as at 31 March 2023), primarily consisting of trade and other receivables of RMB220.4 million (as compared to RMB197.7 million as at 31 March 2023), bank balances and cash of RMB152.3 million (as compared to RMB185.2 million as at 31 March 2023) and contract assets of RMB50.3 million (as compared to RMB42.0 million as at 31 March 2023).

### **Current Liabilities**

As at 30 September 2023, our current liabilities amounted to RMB449.3 million (as compared to RMB399.8 million as at 31 March 2023), primarily consisting of trade and other payables of RMB266.7 million (as compared to RMB251.3 million as at 31 March 2023), contract liabilities of RMB13.1 million (as compared to RMB9.5 million as at 31 March 2023) and interest-bearing borrowings of RMB160.2 million (as compared to RMB126.1 million as at 31 March 2023).

### **Non-current Liabilities**

As at 30 September 2023, our non-current liabilities consisted of lease liability amounted to RMB0.5 million (as compared to RMB5.3 million as at 31 March 2023).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the 2023 Interim Period, we financed our operations primarily through cash generated from our operating activities. We had net cash used in operating activities in the amount of RMB38.8 million during the 2023 Interim Period as compared to net cash used in operating activities in the amount of RMB3.7 million during the 2022 Interim Period. As at 30 September 2023, we had (i) bank balances and cash of RMB152.3 million (as compared to RMB185.2 million as at 31 March 2023); and (ii) interest-bearing borrowings of RMB160.2 million (as compared to RMB126.1 million as at 31 March 2023), which were denominated in Renminbi bearing fixed and floating interest rates.

Our gearing ratio (calculated as total borrowings divided by total equity) was 142.1% as at 30 September 2023 (31 March 2023: 88.6%).

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

## **COMMITMENTS**

As at 30 September 2023, we had short-term lease commitments in respect of a rented office and various residential properties of RMB0.7 million (as at 31 March 2023: RMB0.2 million).

## **SIGNIFICANT INVESTMENT IN AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

We did not make any significant investment in or material acquisition or disposal of subsidiaries, associates and joint ventures during the 2023 Interim Period.

## **FUTURE PLANS FOR MATERIAL INVESTMENT IN OR ACQUISITION OF CAPITAL ASSETS**

During the 2023 Interim Period, we did not have any plans for material investment in 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 and bank borrowings 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 the functional currency of the Company or the Group. As at 30 September 2023, we did not have any significant foreign currency risk from our operations. During the 2023 Interim Period, we did not enter into any arrangements to hedge against any fluctuation in foreign currency.

## **CHARGE ON ASSETS**

As at 30 September 2023, we had restricted bank deposits of RMB1.2 million (as at 31 March 2023: RMB1.2 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 30 September 2023, we had 283 full-time employees and 57 dispatched workers (30 September 2022: 415 full-time employees and 38 dispatched workers). The remuneration package of our employees includes salary, sales commission, bonus and other cash subsidies. The remuneration expense, excluding share-based compensation expense, for the 2023 Interim Period and the 2022 Interim Period was approximately RMB30 million and RMB36.8 million, respectively. In general, our 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.

We have adopted a share option scheme (the “**Share Option Scheme**”) and a share award scheme (the “**Share Award Scheme**”). The purposes of the Share Option Scheme and the Share Award Scheme are to attract, retain and motivate the directors, senior management and employees of the Group and other participants.

## **CONTINGENT LIABILITIES**

As at 30 September 2023, we did not have any material contingent liabilities (31 March 2023: nil). We are not currently involved in any material legal proceedings, nor are we aware of any proceedings or potential material legal proceedings.



## **DIVIDEND DISTRIBUTION**

The Board did not recommend the payment of interim dividends for the 2023 Interim Period (2022 Interim Period:nil).

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY OR ANY OF ITS SUBSIDIARIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the 2023 Interim Period.

## **EVENT AFTER THE REPORTING PERIOD**

There was no significant event since 30 September 2023 and up to the date of this announcement.

## **COMPETING BUSINESSES**

For the 2023 Interim Period, none of the Directors or the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

## **COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in Appendix 15 of the GEM Listing Rules as its corporate governance practices.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of the chairman of the board of directors and the chief executive officer of a Company should be separate and should not be performed by the same individual, and that the division of responsibilities between the chairman and the chief executive officer should be clearly stated.

Mr. ZHENG Fushuang (“**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 of the Company (the “**Chairman**”) and the CEO. Such practice deviates from code provision C.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 its shareholders. Therefore, the Board considers that the deviation from the code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance.

Saved as disclosed above, in the opinion of the Directors, the Company had complied with all the code provisions set out in the Corporate Governance Code from 1 April 2023 and up to the date of this announcement.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. After making specific enquiries with all the Directors, the Company confirmed that all Directors have fully complied with the required standard of dealings and the code of conduct regarding Directors’ securities transactions during the 2023 Interim Period and up to the date of this announcement save and except for Rule 5.56(a) of the GEM Listing Rules.

During the 2023 Interim Period, Mr. Zheng, an executive director of the Company, did not comply with Rules 5.56(a) and 5.61 of the GEM Listing Rules as he acquired an aggregate of (i) 4,030,000 shares of the Company; and (ii) 2,464,000 shares of the Company on the open market during blackout period (on 17 October 2023 and 19 October 2023) without first notifying the designated Director and obtaining a valid written acknowledgment as required under Rule 5.61 of the GEM Listing Rules. Mr. Zheng reported that the non-compliance of Rules 5.56(a) and 5.61 of the GEM Listing Rules was inadvertent and confirmed that he will act in strict compliance with Rules 5.56(a) and 5.61 of the GEM Listing Rules in the future.

The Company has immediately reminded all Directors again of the requirements of Rules 5.56(a) and 5.61 of the GEM Listing Rules and will provide additional reminders to the Directors on the commencement date of the blackout period in the future. The Company will provide further regular training and development materials to the Directors, including but not limited to (a) the relevant GEM Listing Rules requirements; (b) enforcement case studies; and (c) the applicable topics in relation to the obligation and duties of the Directors. In light of this, the Company will also review and improve its relevant internal control procedures timely so as to reduce the risk of non-compliance of a similar nature in the future.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules on 23 May 2016. 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 audit committee comprises three independent non-executive Directors, namely, Mr. LI Youliang, Dr. LI Wanshou and Mr. Frank CHRISTIAENS, and is chaired by Mr. LI Youliang.

The audit committee has reviewed the unaudited interim financial information for the 2023 Interim Period and is of the opinion that (i) the unaudited interim financial information of the Group for the 2023 Interim Period comply with the applicable accounting standards and the GEM Listing Rules; and (ii) adequate disclosure has been made in such unaudited interim financial information.

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

Hong Kong, 9 November 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 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 Company Announcements” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and be posted on the website of the Company at [www.cdv.com](http://www.cdv.com)*

*\* For identification purposes only*