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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 2024**

**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 2024 (the “**2024 Interim Period**”), together with the comparative figures for the corresponding period in 2023 (the “**2023 Interim Period**”), as follows.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

| | | (Unaudited) | |
|---|-------|-------------------------|-----------------|
| | | Six months ended | |
| | | 30 September | |
| | Notes | 2024 | 2023 |
| | | RMB'000 | RMB'000 |
| Revenue | 3 | 67,313 | 78,708 |
| Cost of sales | | <u>(43,153)</u> | <u>(51,268)</u> |
| Gross profit | | 24,160 | 27,440 |
| Other income | 4 | 1,031 | 9,756 |
| Selling and marketing expenses | | (20,839) | (23,457) |
| Administrative expenses | | (26,355) | (27,500) |
| Research and development expenses | | (14,669) | (14,030) |
| Finance costs | 5 | (5,281) | (4,835) |
| Net impairment loss on trade and other receivables and contract assets | | — | 183 |
| Share of results of associates | | <u>(1,628)</u> | <u>(3,550)</u> |
| Loss before income tax | | (43,581) | (36,359) |
| Income tax | 6 | <u>—</u> | <u>—</u> |
| Loss for the period | | <u>(43,581)</u> | <u>(36,359)</u> |
| Other comprehensive loss/(income) | | | |
| <i>Item that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange difference arising on the translation of foreign operation | | <u>(838)</u> | <u>6,837</u> |
| Total comprehensive loss for the period | | <u>(44,419)</u> | <u>(29,522)</u> |

| | (Unaudited) | |
|--|-------------------------|-----------------|
| | Six months ended | |
| | 30 September | |
| Notes | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Loss for the period attributable to: | | |
| Equity holders of the Company | (43,099) | (36,695) |
| Non-controlling interests | (482) | 336 |
| | <u>(43,581)</u> | <u>336</u> |
| | <u>(43,581)</u> | <u>(36,359)</u> |
| Total comprehensive loss for the | | |
| period attributable to: | | |
| Equity holders of the Company | (43,937) | (29,858) |
| Non-controlling interests | (482) | 336 |
| | <u>(44,419)</u> | <u>336</u> |
| | <u>(44,419)</u> | <u>(29,522)</u> |
| Loss per share | 7 | |
| (expressed in Renminbi (“RMB”) cents per share) | | |
| Basic | <u>(6.97)</u> | <u>(5.93)</u> |
| Diluted | <u>(6.97)</u> | <u>(5.93)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

| | | (Unaudited) | (Audited) |
|--|----|--------------|-----------|
| | | As at | As at |
| | | 30 September | 31 March |
| Notes | | 2024 | 2024 |
| | | RMB'000 | RMB'000 |
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 67 | — |
| Intangible assets | | 6,682 | 9,290 |
| Goodwill | | — | — |
| Interest in a joint venture | | — | — |
| Interests in associates | | 11,788 | 13,416 |
| Financial assets at fair value through profit or loss ("FVTPL") | | 11,888 | 11,888 |
| | | 30,425 | 34,594 |
| Current assets | | | |
| Inventories | | 41,797 | 33,825 |
| Trade and other receivables | 9 | 241,584 | 289,566 |
| Contract assets | | 11,799 | 11,799 |
| Restricted bank deposits | 10 | 448 | 1,644 |
| Cash and cash equivalents | 10 | 151,923 | 151,070 |
| | | 447,551 | 487,904 |

| | | (Unaudited) | (Audited) |
|--|-------|-----------------|-----------------|
| | | As at | As at |
| | | 30 September | 31 March |
| | Notes | 2024 | 2024 |
| | | RMB'000 | RMB'000 |
| Current liabilities | | | |
| Trade and other payables | 11 | 289,918 | 313,749 |
| Contract liabilities | | 25,138 | 18,318 |
| Interest-bearing borrowings | 12 | 211,810 | 193,245 |
| Lease liability | | 2,271 | 3,354 |
| | | <u>529,137</u> | <u>528,666</u> |
| Net current liabilities | | <u>(81,586)</u> | <u>(40,762)</u> |
| Total assets less current liabilities | | <u>(51,161)</u> | <u>(6,168)</u> |
| Non-current liability | | | |
| Lease liability | | — | 574 |
| Net liabilities | | <u>(51,161)</u> | <u>(6,742)</u> |
| EQUITY | | | |
| Share capital | 13 | 43 | 43 |
| Reserves | | (56,390) | (12,453) |
| Equity attributable to equity holders of the Company | | (56,347) | (12,410) |
| Non-controlling interests | | 5,186 | 5,668 |
| Total equity | | <u>(51,161)</u> | <u>(6,742)</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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 of Hong Kong Limited (the "**Stock Exchange**") since 27 June 2016.

The Company is an investment holding company and its subsidiaries (together with the Company collectively refer to as 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 "**Directors**"), 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 2024 (the "**Interim Financial Information**") are presented in RMB, unless otherwise stated.

2. BASIS OF PREPARATION

These Interim Financial Information 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 in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following new and amended International Financial Reporting Standards (“IFRSs”) issued by the IASB which are effective for the financial year beginning 1 April 2024.

| | |
|--------------------------------|---|
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

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 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 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:

| | (Unaudited) | |
|-----------|-------------------------|----------------|
| | Six months ended | |
| | 30 September | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Solutions | 27,375 | 25,963 |
| Services | 19,301 | 36,830 |
| Products | 20,637 | 15,915 |
| | <u>67,313</u> | <u>78,708</u> |

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

| | (Unaudited) | |
|--------------------|-------------------------|----------------|
| | Six months ended | |
| | 30 September | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| At a point in time | 48,012 | 41,878 |
| Over time | 19,301 | 36,830 |
| | <u>67,313</u> | <u>78,708</u> |

4. OTHER INCOME

| | (Unaudited) | |
|---|-------------------------|----------------|
| | Six months ended | |
| | 30 September | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Other revenue | | |
| Interest income | 13 | 11 |
| Value-added tax (“VAT”) refunds (Note (a)) | 930 | 1,630 |
| | <u>943</u> | <u>1,641</u> |
| Other net income | | |
| Government grants (Note (b)) | 59 | 556 |
| Gain on transfer of intangible assets | 36 | — |
| Net foreign exchange loss | (75) | — |
| Gain on lease modification | — | 7,544 |
| Gain on disposal of property, plant and equipment | 4 | — |
| Others | 64 | 15 |
| | <u>88</u> | <u>8,115</u> |
| | <u>1,031</u> | <u>9,756</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 2024 and 2023.

- (b) Government grants for the six months ended 30 September 2024 and 2023 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

| | (Unaudited) | |
|-------------------------------|-------------------------|--------------|
| | Six months ended | |
| | 30 September | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Interest charges on: | | |
| – interest-bearing borrowings | 5,205 | 4,728 |
| – lease liability | 76 | 107 |
| | <u>5,281</u> | <u>4,835</u> |

6. INCOME TAX

(a) Hong Kong Profits Tax

Hong Kong Profits Tax rate is calculated at 16.5% (2023: 16.5%) for the six months ended 30 September 2024. 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% (2023: 15%) for the six months ended 30 September 2024.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 200% (2023: 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 2024 and 2023.

(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 2024 and 2023.

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:

| | (Unaudited) | |
|--|-------------------------|------------------------|
| | Six months ended | |
| | 30 September | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Loss | | |
| Loss for the purpose of basic and diluted loss per share (loss for the period attributable to equity holders of the Company) | <u>(43,099)</u> | <u>(36,695)</u> |
| Number of shares (in thousands) | | |
| Weighted average number of ordinary shares outstanding for the purpose of basic and diluted loss per share | <u>618,332</u> | <u>618,332</u> |

For the six months ended 30 September 2024 and 2023, the Company has one category of potential dilutive ordinary shares: the 2017 Share Option Scheme. The diluted loss per share for the six months ended 30 September 2024 and 2023 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 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

9. TRADE AND OTHER RECEIVABLES

| | (Unaudited) | (Audited) |
|---|-----------------------|-----------------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| Trade receivables | | |
| Third parties | 108,852 | 114,585 |
| Related parties | 14,643 | 21,426 |
| | <u>123,495</u> | <u>136,011</u> |
| Less: Expected credit losses (“ECL”) allowance | (36,665) | (36,665) |
| | <u>86,830</u> | <u>99,346</u> |
| Other receivables | | |
| Deposits, prepayments and other receivables | 21,368 | 28,532 |
| Deposit for guarantee certificate over tendering and performance | 15,483 | 14,899 |
| Loan and interest receivables | 23,952 | 24,251 |
| Advances to suppliers | 110,050 | 128,776 |
| Amounts due from related parties | 18,517 | 27,505 |
| Amounts due from joint venture | 7,123 | 7,019 |
| Amounts due from associates | 6,103 | 6,996 |
| Advances to employees | 4,152 | 4,236 |
| | <u>206,748</u> | <u>242,214</u> |
| Less: ECL allowance | (51,994) | (51,994) |
| | <u>154,754</u> | <u>190,220</u> |
| | <u><u>241,584</u></u> | <u><u>289,566</u></u> |

The Directors 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 2024: 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:

| | (Unaudited) | (Audited) |
|-----------------|----------------------|---------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| 0 to 90 days | 28,844 | 43,169 |
| 91 to 180 days | 11,148 | 19,490 |
| 181 to 365 days | 13,621 | 16,155 |
| 1 to 2 years | 14,995 | 12,657 |
| Over 2 years | 18,222 | 7,875 |
| | <u>86,830</u> | <u>99,346</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. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

| | (Unaudited) | (Audited) |
|---------------------------|-----------------------|----------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| Cash at banks and on hand | 152,371 | 152,714 |
| Restricted bank deposits | (448) | (1,644) |
| | <hr/> | <hr/> |
| Cash and cash equivalents | <u>151,923</u> | <u>151,070</u> |

11. TRADE AND OTHER PAYABLES

| | (Unaudited) | (Audited) |
|------------------------------------|-----------------------|-----------------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| Trade payables | | |
| Third parties | 97,364 | 100,005 |
| Related parties | 5,542 | 7,663 |
| | <u>102,906</u> | <u>107,668</u> |
| Other payables | | |
| Other payables and accrued charges | 42,171 | 31,588 |
| Other tax liabilities | 28,786 | 27,510 |
| Staff costs and welfare accruals | 58,716 | 57,265 |
| Amounts due to related parties | 15,166 | 14,031 |
| Amounts due to associates | 30,800 | 35,671 |
| Amount due to joint venture | 252 | 18 |
| Amount due to a director | 11,121 | 39,998 |
| | <u>187,012</u> | <u>206,081</u> |
| | <u><u>289,918</u></u> | <u><u>313,749</u></u> |

The Group was granted by its suppliers credit periods ranging from 30 - 180 days (31 March 2024: 30 - 180 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

| | (Unaudited) | (Audited) |
|-----------------|-----------------------|----------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| 0 to 90 days | 10,124 | 22,584 |
| 91 to 180 days | 7,393 | 38,432 |
| 181 to 365 days | 45,583 | 6,065 |
| 1 to 2 years | 1,908 | 3,610 |
| 2 to 3 years | 6,517 | 9,641 |
| Over 3 years | 31,381 | 27,336 |
| | <u>102,906</u> | <u>107,668</u> |

12. INTEREST-BEARING BORROWINGS

| | (Unaudited) | (Audited) |
|----------------------------|----------------|----------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| Current | | |
| Bank borrowings, unsecured | <u>211,810</u> | <u>193,245</u> |

As at 30 September 2024, the Group's bank and other borrowings were repayable as follows:

| | (Unaudited) | (Audited) |
|--|------------------|------------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| Carrying amount repayable, based on the scheduled repayment dates as set out in the loan agreements: | | |
| – within one year | <u>211,810</u> | <u>193,245</u> |
| Total carrying amount | 211,810 | 193,245 |
| Less: | | |
| – amount due within one year | <u>(211,810)</u> | <u>(193,245)</u> |
| Carrying amount shown under non-current liabilities | <u>—</u> | <u>—</u> |

13. SHARE CAPITAL

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

| | Number of shares | Nominal value of shares US\$ |
|--|---------------------------------|------------------------------------|
| Authorised: | | |
| <i>Ordinary shares of the Company</i> | | |
| As at 1 January 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (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 |
| Issued and fully paid: | | |
| <i>Ordinary shares of the Company</i> | | |
| As at 1 January 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (unaudited) | | |
| | <u>630,332,000</u> | <u>6,303</u> |
| | <u>630,332,000</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 2023, 31 March 2024 (audited), 1 April 2024 and 30 September 2024 (unaudited) | | |
| | <u>12,000,000</u> | <u>120</u> |
| | <u>12,000,000</u> | <u>1</u> |

14. COMMITMENTS

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

| | (Unaudited) | (Audited) |
|-----------------|---------------------|--------------|
| | As at | As at |
| | 30 September | 31 March |
| | 2024 | 2024 |
| | RMB'000 | RMB'000 |
| Premises | | |
| Within one year | <u>4,203</u> | <u>1,966</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 27 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.

Save as disclosed in this announcement, there have been no material changes to the future prospects of the Group for the current financial year since the publication of the Company's 2023 annual report.

FINANCIAL REVIEW

We recorded a total revenue of RMB67.3 million for the 2024 Interim Period, representing a decrease of 14.5% from RMB78.7 million for the 2023 Interim Period. We recorded a loss of RMB43.6 million for the 2024 Interim Period as compared to RMB36.4 million for the 2023 Interim Period, primarily due to the decrease in income.

Our cost of sales was RMB43.2 million for the 2024 Interim Period as compared to RMB51.3 million for the 2023 Interim Period. Our gross profit margin increased from 34.9% for the 2023 Interim Period to 35.9% for the 2024 Interim Period. Such increase was mainly due to the higher proportion of single items with high gross profit.

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 14.5% to RMB67.3 million for the 2024 Interim Period from RMB78.7 million for the 2023 Interim Period. The decrease in revenue was mainly attributable to the intensified competition of traditional home appliances under the influence of internet media.

Cost of Sales

Our cost of sales was RMB43.2 million for the 2024 Interim Period as compared to RMB51.3 million for the 2023 Interim Period. The decrease was due to the decrease in income.

Gross Profit and Gross Profit Margin

Our gross profit represents revenue less cost of sales. Our gross profit decreased by 12.0% to RMB24.2 million for the 2024 Interim Period from RMB27.4 million for the 2023 Interim Period, primarily due to the decrease in income. Our gross profit margin increased to 35.9% for the 2024 Interim Period from 34.9% for the 2023 Interim Period.

Other Income

Our other income decreased by 89.4% to RMB1.0 million for the 2024 Interim Period from RMB9.8 million for the 2023 Interim Period as a result of the gain on contractual changes of lease liability in the 2023 Interim Period, as compared to Nil in the 2024 Interim Period.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 11.5% to RMB20.8 million for the 2024 Interim Period from RMB23.5 million for the 2023 Interim Period, primarily due to optimization of personnel and the decrease in cost of sales personnel.

Administrative Expenses

Our administrative expenses decreased by 4.0% to RMB26.4 million for the 2024 Interim Period from RMB27.5 million for the 2023 Interim Period due to the decrease in costs of personnel and the increase in lease service fees.

Research and Development Expenses

Our research and development expenses increased by 5.0% to RMB14.7 million for the 2024 Interim Period and remained relatively stable as compared to RMB14.0 million for the 2023 Interim Period.

Finance Costs

Our finance costs increased by 10.4% to RMB5.3 million for the 2024 Interim Period from RMB4.8 million for the 2023 Interim Period, primarily due to the increase in bank borrowings.

Net Impairment Loss on Trade and Other Receivables and Contract Assets

No impairment loss on trade and other receivables and contract assets was recognised for the 2024 Interim Period as compared to impairment loss on trade and other receivables and contract assets of RMB0.2 million for the 2023 Interim Period as a result of the absence of provision for bad debts during the 2024 Interim Period.

Loss before Income Tax

As a result of the foregoing factors, we recorded a loss before income tax of RMB43.6 million for the 2024 Interim Period as compared to RMB36.4 million for the 2023 Interim Period.

Income Tax

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

Loss for the 2024 Interim Period

As a result of the foregoing factors, we recorded a loss of RMB43.6 million for the 2024 Interim Period as compared to RMB36.4 million for the 2023 Interim Period.

Other Comprehensive (Loss)/Income

We recorded other comprehensive loss of RMB0.8 million for the 2024 Interim Period as compared to other comprehensive income of RMB6.8 million for the 2023 Interim Period, primarily due to the settlement of profit or loss on foreign exchange.

Total Comprehensive Loss for the 2024 Interim Period

We recorded an increase of total comprehensive loss by RMB14.9 million to RMB44.4 million for the 2024 Interim Period from RMB29.5 million for the 2023 Interim Period, primarily due to the decrease in gross profit and other revenues.

Loss Attributable to Equity Holders of the Company

We recorded a loss attributable to equity holders of the Company of RMB43.1 million for the 2024 Interim Period as compared to RMB36.7 million for the 2023 Interim Period.

ANALYSIS ON CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

Non-current Assets

As at 30 September 2024, our non-current assets amounted to RMB30.4 million (as compared to RMB34.6 million as at 31 March 2024), primarily consisting of intangible assets of RMB6.7 million (as compared to RMB9.3 million as at 31 March 2024), financial assets at fair value through profit or loss of RMB11.9 million (as compared to RMB11.9 million as at 31 March 2024) and interests in associates of RMB11.8 million (as compared to RMB13.4 million as at 31 March 2024). 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 2024, our current assets amounted to RMB447.6 million (as compared to RMB487.9 million as at 31 March 2024), primarily consisting of trade and other receivables of RMB241.6 million (as compared to RMB289.6 million as at 31 March 2024), cash and cash equivalents of RMB151.9 million (as compared to RMB151.1 million as at 31 March 2024) and contract assets of RMB11.8 million (as compared to RMB11.8 million as at 31 March 2024).

Current Liabilities

As at 30 September 2024, our current liabilities amounted to RMB529.1 million (as compared to RMB528.7 million as at 31 March 2024), primarily consisting of trade and other payables of RMB289.9 million (as compared to RMB313.7 million as at 31 March 2024), contract liabilities of RMB25.1 million (as compared to RMB18.3 million as at 31 March 2024) and interest-bearing borrowings of RMB211.8 million (as compared to RMB193.2 million as at 31 March 2024).

Non-current Liabilities

No non-current liabilities as at 30 September 2024 (as compared to RMB0.6 million of lease liability as at 31 March 2024).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the 2024 Interim Period, we financed our operations primarily through cash generated from our operating activities. We had net cash generated from operating activities in the amount of RMB12.5 million during the 2024 Interim Period as compared to net cash used in operating activities in the amount of RMB38.8 million during the 2023 Interim Period. As at 30 September 2024, we had (i) cash and cash equivalents of RMB151.9 million (as compared to RMB151.1 million as at 31 March 2024); and (ii) interest-bearing borrowings of RMB211.8 million (as compared to RMB193.2 million as at 31 March 2024), which were denominated in Renminbi bearing fixed and floating interest rates.

Our gearing ratio (calculated as total borrowings divided by total equity) was not applicable as at 30 September 2024 (31 March 2024: Not applicable).

During the 2024 Interim Period, we did not employ any financial instrument for hedging purposes.

COMMITMENTS

As at 30 September 2024, we had short-term lease commitments in respect of a rented office and various residential properties of RMB4.2 million (as at 31 March 2024: RMB2.0 million).

SIGNIFICANT INVESTMENT IN AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

We did not make any significant investment in or material acquisition or disposal of subsidiaries, associates and a joint venture during the 2024 Interim Period.

FUTURE PLANS FOR MATERIAL INVESTMENT IN OR ACQUISITION OF CAPITAL ASSETS

During the 2024 Interim Period, we did not have any plans for material investment in or acquisition of capital assets in the coming year.

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 2024, we did not have any significant foreign currency risk from our operations. During the 2024 Interim Period, we did not enter into any arrangements to hedge against any fluctuation in foreign currency.

CHARGE ON ASSETS

As at 30 September 2024, we had restricted bank deposits of RMB0.4 million (as at 31 March 2024: RMB1.6 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 2024, we had 261 full-time employees and 11 dispatched workers (30 September 2023: 283 full-time employees and 57 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 2024 Interim Period and the 2023 Interim Period was approximately RMB26.9 million and RMB30.0 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 2024, we did not have any material contingent liabilities (31 March 2024: 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 2024 Interim Period (2023 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 2024 Interim Period.

EVENT AFTER THE REPORTING PERIOD

There was no significant event since 30 September 2024 and up to the date of this announcement.

COMPETING BUSINESSES

For the 2024 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 C1 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 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 four 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.

Following the resignation of Mr. Frank CHRISTIAENS, an independent non-executive Director and a member of the audit committee, with effect from 3 January 2024, the number of independent non-executive Directors and the members of Remuneration Committee and Audit Committee falls below the minimum number required under Rules 5.05(1), 5.28, and 5.34 of the GEM Listing Rules. Pursuant to Rule 17.51(2) of the GEM Listing Rules, the Company shall appoint appropriate members to the audit committee to meet the requirements under Rule 5.28 of the GEM Listing Rules within 3 months after failing to meet such requirements. The Company was not able to identify suitable candidates by 3 April 2024. Accordingly, the Company applied to the Stock Exchange for a waiver from strict compliance with Rules 5.05(1), 5.28, and 5.34 of the GEM Listing Rules and an extension of time until 31 May 2024 for filling the vacancy. The Company appointed Mr. JIAN Nianqiang as an independent non-executive Director with effect from 1 June 2024 and the Company is now in compliance with the requirements under Rules 5.05(1), 5.28, and 5.34 of the GEM Listing Rules.

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 2024 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 2024 Interim Period and up to the date of this announcement save and except for Rule 5.56(a) of the GEM Listing Rules.

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. JIAN Nianqiang, and is chaired by Mr. LI Youliang.

The audit committee has reviewed the unaudited interim financial information for the 2024 Interim Period and is of the opinion that (i) the unaudited interim financial information of the Group for the 2024 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, 29 November 2024

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

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 for at least 7 days from the date of its posting and be posted on the website of the Company at www.cdv.com

* *For identification purposes only*