Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

China Digital Video Holdings Limited
中國數字視頻控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8280)

SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of China Digital Video Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 27 March 2020 (the "**2019 Unaudited Annual Results Announcement**") in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the "**2019 Unaudited Annual Results**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2019 Unaudited Annual Results Announcement.

AUDITOR'S AGREEMENT ON THE 2019 ANNUAL RESULTS

The Board is pleased to announce that the Group's auditor, Grant Thornton, has completed its audit of the annual results of the Group for the year ended 31 December 2019 (the "**2019 Audited Annual Results**"), including the financial figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the notes to the consolidated financial statements.

Set out below are the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2019 and the audited consolidated statement of financial position of the Group as at 31 December 2019, the corresponding figures shown in the 2019 Unaudited Annual Results Announcement and the changes between the audited figures and the unaudited figures (the notes shown below correspond to the paragraphs set out above):

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Disclosed in this announcement RMB'000	Disclosed in the 2019 Unaudited Annual Results Announcement RMB'000	Differences RMB'000	Note
Revenue	303,206	303,206	—	
Cost of sales	(235,700)	(235,700)	—	
Gross profit	67,506	67,506	—	
Other income	31,356	31,356	—	
Selling and marketing expenses	(57,354)	(57,354)	—	
Administrative expenses	(43,601)	(43,601)	—	
Share-based compensation expense	(1,755)	(1,755)	—	
Research and development expenses	(27,904)	(27,904)	—	
Finance costs	(13,049)	(13,049)	—	
Net impairment loss on trade and other receivables and contract assets	(108,338)	(104,338)	(4,000)	(a)
Impairment loss on goodwill	(17,481)	(17,481)	—	
Share of (loss)/profit of joint ventures	(1,143)	(1,143)	—	
Share of loss of associates	(1,719)	(1,719)	—	
Loss before income tax	(173,482)	(169,482)	(4,000)	
Income tax credit/(expense)	769	769	—	
Loss for the year	(172,713)	(168,713)	(4,000)	

	Disclosed in this announcement RMB'000	Disclosed in the 2019 Unaudited Annual Results Announcement RMB'000	Differences RMB'000	Notes
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Exchange difference arising on the translation of foreign operation	5,077	5,110	(33)	(a)
Total comprehensive loss for the year	(167,636)	(163,603)	(4,033)	
(Loss)/Profit for the year attributable to:				
Equity holders of the Company	(173,340)	(169,340)	(4,000)	(a)
Non-controlling interests	627	627	—	
	(172,713)	(168,713)	(4,000)	(a)
Total comprehensive (loss)/income for the year attributable to:				
Equity holders of the Company	(168,263)	(164,230)	(4,033)	(a)
Non-controlling interests	627	627	—	
	(167,636)	(163,603)	(4,033)	(a)
Loss per share for loss attributable to equity holders of the Company				
(expressed in RMB cents per share)				
Basic	**(28.03)**	(27.39)	(0.64)	(b)
Diluted	**(28.03)**	(27.39)	(0.64)	(b)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Disclosed in this announcement RMB'000	Disclosed in the 2019 Unaudited Annual Results Announcement RMB'000	Differences RMB'000	Notes
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	635	635	—	
Intangible assets	139,015	139,015	—	
Goodwill	—	—	—	
Interests in joint ventures	387	387	—	
Interests in associates	17,329	17,329	—	
Financial assets at fair value through profit or loss	4,935	4,935	—	
Deferred tax assets	5,666	5,666	—	
	167,967	167,967	—	
Current assets				
Inventories	60,857	60,857	—	
Trade and other receivables	393,928	397,961	(4,033)	(a)
Contract assets	75,192	75,192	—	
Restricted bank deposits	2,173	2,173	—	
Pledged bank deposits	122,363	122,363	—	
Bank balances and cash	115,229	115,229	—	
	769,742	773,775	(4,033)	(a)

	Disclosed in this announcement RMB'000	Disclosed in the 2019 Unaudited Annual Results Announcement RMB'000	Differences RMB'000	Notes
Current liabilities				
Trade and other payables	254,188	254,188	—	
Contract liabilities	17,040	17,040	—	
Other interest-bearing borrowings	234,942	234,942	—	
Income tax liabilities	5,185	5,185	—	
	511,355	511,355	—	
Net current assets	258,387	262,420	(4,033)	(a)
Total assets less current liabilities	426,354	430,387	(4,033)	(a)
Non-current liabilities				
Deferred tax liabilities	—	—	—	
Net assets	426,354	430,387	(4,033)	(a)
EQUITY				
Share capital	43	43	—	
Reserves	425,164	429,197	(4,033)	(a)
Equity attributable to equity holders of the Company	425,207	429,240		
Non-controlling interests	1,147	1,147	—	
Total equity	426,354	430,387	(4,033)	(a)

NOTE 10

TRADE AND OTHER RECEIVABLES

As at 31 December 2019

	Disclosed in this announcement RMB'000	Disclosed in the 2019 Unaudited Annual Results Announcement RMB'000	Difference RMB'000
Trade receivables			
From third parties	308,096	308,096	—
From related parties	12,900	12,900	—
	320,996	320,996	—
Less: ECL allowance	(160,495)	(160,495)	—
	160,501	160,501	—

	Disclosed in this announcement RMB'000	Disclosed in the 2019 Unaudited Annual Results Announcement RMB'000	Difference RMB'000	Notes
Other receivables				
Deposits, prepayments and other receivables	9,663	14,360	(4,697)	(c)
Deposit for guarantee certificate over tendering and performance	23,472	23,472	—	
Loan receivables	123,527	123,527	—	
Interest receivables	4,187	4,187	—	
Advances to suppliers	69,830	67,830	2,000	(c)
Amounts due from related parties	8,017	8,017	—	
Amounts due from joint ventures	1,826	1,826	—	
Amounts due from associates	7,607	8,007	(400)	(d)
Loan to an associate	400	—	400	(d)
VAT receivables	—	—	—	
Advances to employees	11,573	8,876	2,697	(c)
	260,102	260,102	—	
Less: ECL allowance	(26,675)	(22,642)	(4,033)	(a)
	233,427	237,460	(4,033)	(a)
	393,928	397,961	(4,033)	(a)

Notes:

a) The difference is due to additional expected credit losses of RMB4,000,000 on other receivables recognised for the year ended 31 December 2019, based on the latest supporting information available and forward-looking information. An additional translation difference of RMB33,000 was also recognised as a result of the adjustment of expected credit losses. Accordingly, the amount of trade and other receivables decreased by RMB4,033,000.

b) Due to the decrease in loss attributable to equity holders, the basic and diluted loss per share decreased from RMB27.39 cents per share to RMB28.03 cents per share.

c) The difference is due to reclassification of deposits, prepayments and other receivables of RMB4,697,000 to advances to suppliers and advances to employees of RMB2,000,000 and RMB2,697,000, respectively.

d) The difference is due to reclassification of amount due from an associate of RMB400,000 as loan to an associate.

Save as disclosed in this announcement and the corresponding adjustments related to the above differences, there is no material change in other information contained in the 2019 Unaudited Annual Results Announcement.

Set out below are details of the 2019 Audited Annual Results:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 RMB'000	2018 RMB'000
Revenue	3	**303,206**	341,047
Cost of sales		**(235,700)**	(261,347)
Gross profit		**67,506**	79,700
Other income	4	**31,356**	32,962
Selling and marketing expenses		**(57,354)**	(66,583)
Administrative expenses		**(43,601)**	(41,542)
Share-based compensation expense	14	**(1,755)**	(11,308)
Research and development expenses		**(27,904)**	(28,646)
Finance costs	5	**(13,049)**	(12,242)
Net impairment loss on trade and other receivables and contract assets		**(108,338)**	(57,029)
Impairment loss on goodwill	9	**(17,481)**	(56,739)
Share of (loss)/profit of joint ventures		**(1,143)**	1,415
Share of loss of associates		**(1,719)**	—
Loss before income tax		**(173,482)**	(160,012)
Income tax credit/(expense)	6	**769**	(8,808)
Loss for the year	5	**(172,713)**	(168,820)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on the translation of foreign operation		**5,077**	10,330
Total comprehensive loss for the year		**(167,636)**	(158,490)
(Loss)/Profit for the year attributable to:			
Equity holders of the Company		**(173,340)**	(168,735)
Non-controlling interests		**627**	(85)
		(172,713)	(168,820)
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company		**(168,263)**	(158,405)
Non-controlling interests		**627**	(85)
		(167,636)	(158,490)
Loss per share for loss attributable to equity holders of the Company			
(expressed in RMB cents per share)	7		
Basic		**(28.03)**	(27.29)
Diluted		**(28.03)**	(27.29)

Note: The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.1(a).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 RMB'000	2018 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**635**	3,674
Intangible assets	8	**139,015**	161,766
Goodwill	9	**—**	17,481
Interests in joint ventures		**387**	1,530
Interests in associates		**17,329**	16,648
Financial assets at fair value through profit or loss		**4,935**	9,868
Deferred tax assets		**5,666**	7,766
		167,967	218,733
Current assets			
Inventories		**60,857**	39,298
Trade and other receivables	10	**393,928**	566,871
Contract assets	11.1	**75,192**	77,761
Restricted bank deposits		**2,173**	6,518
Pledged bank deposits		**122,363**	118,733
Bank balances and cash		**115,229**	137,403
		769,742	946,584
Current liabilities			
Trade and other payables	12	**254,188**	348,333
Contract liabilities	11.2	**17,040**	12,227
Other interest-bearing borrowings		**234,942**	202,956
Income tax liabilities		**5,185**	4,583
		511,355	568,099
Net current assets		**258,387**	378,485
Total assets less current liabilities		**426,354**	597,218
Non-current liabilities			
Deferred tax liabilities		**—**	3,488
Net assets		**426,354**	593,730
EQUITY			
Share capital	13	**43**	43
Reserves		**425,164**	591,672
Equity attributable to equity holders of the Company		**425,207**	591,715
Non-controlling interests		**1,147**	2,015
Total equity		**426,354**	593,730

Note: The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.1(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

1. GENERAL INFORMATION

China Digital Video Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 January 2007 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 Company's shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 27 June 2016 (the "Listing").

The Company is an investment holding company and its subsidiaries (collectively, 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").

As at 31 December 2019, the directors regard the immediate and the ultimate holding company of the Company is Wing Success Holdings Limited ("Wing Success"), a company incorporated in the British Virgin Islands and Mr. Zheng Fushuang ("Mr. Zheng") is the ultimate controlling party of the Company.

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

2. BASIS OF PREPARATION

These consolidated financial statements of the Company have been prepared in accordance with applicable International Financial Reporting Standards ("IFRSs"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss. The measurement bases are fully described in the accounting policies below.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

In the current year, the Group has applied the following new and amended IFRSs, which have become effective for the accounting period beginning on 1 January 2019 and relevant to the Group:

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle
IFRIC Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the new and amended IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

<u>IFRS 16 "Leases"</u>

IFRS 16 "Leases" replaces IAS 17 "Leases" along with three Interpretations (IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). IFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16, if any, being recognised in equity as an adjustment to the opening balance of accumulated losses for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

As a Lessee

In applying IFRS 16, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. Accordingly, the initial application of IFRS 16 does not have material impact to the Group's consolidated financial statements.

(b) New and amended standards and interpretations not yet adopted

At the date of this announcement, 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 Contract[2]
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 3	Definition of a Business[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[1]
Amendments to IAS 1 and IAS 8	Definition of Material[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current[5]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective for annual periods beginning on or after 1 January 2021

[3] Effective date not yet determined

[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[5] Effective for annual periods beginning on or after 1 January 2022

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments clarify the definition of material and state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Materiality depends on nature or magnitude of information or both.

The amendments also:

– introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;

– clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold "could influence" with "could reasonably be expected to influence" in the definition of material; and

– clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

Amendments to IAS 1 and IAS 8 are effective for annual reporting period beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on the Group's consolidated financial statements.

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 Group. 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:

	2019	2018
	RMB'000	RMB'000
Solutions	**193,040**	223,360
Services	**70,448**	64,824
Products	**39,718**	52,863
	303,206	341,047

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

	2019	2018
	RMB'000	RMB'000
At a point of time	**232,758**	276,223
Over time	**70,448**	64,824
	303,206	341,047

Geographical information

The Group primarily operates in the PRC. As of 31 December 2019 and 2018, substantially all of the non-current assets (other than financial instruments and deferred tax assets) of the Group were located in the PRC.

Information about major customers

There is no single customer that contributed to over 10% of the Group's revenue for the years ended 31 December 2019 and 2018.

4. OTHER INCOME

	2019	2018
	RMB'000	RMB'000
Other revenue		
Interest income	**15,528**	18,172
Value-added tax ("VAT") refunds (note a)	**11,175**	12,041
	26,703	30,213
Other net income/(loss)		
Bad debt recovered	**4,271**	—
Net fair value loss on financial assets at fair value through profit or loss	**(4,933)**	(5,132)
Gain on disposal of intangible assets (note c)	**2,400**	—
Subsidy income from government (note b)	**2,486**	6,617
Sundry income	**429**	1,264
	4,653	2,749
	31,356	32,962

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.

(b) Subsidy income mainly relates to cash subsidies in respect of operating and development activities from governments which are either unconditional grants or grants with conditions having been satisfied.

(c) During the year ended 31 December 2019, the Group has invested in an associate by contributing the Group's intangible assets with RMBnil carrying amount at date of transfer. A gain on disposal of intangible assets of RMB2,400,000 was recognised in profit or loss of the Group, after eliminating the unrealised profit to extent of the Group's interest in the associate.

5. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2019	2018
	RMB'000	RMB'000
Finance costs		
Interest on bank and other borrowings, wholly repayable within five years	**13,049**	12,242
Employee benefit expenses		
Salaries, bonus and allowances	**77,601**	91,181
Retirement benefit scheme contributions	**19,942**	20,866
Severance payments	**775**	897
Share-based compensation expense	**1,755**	11,308
	100,073	124,252

	2019	2018
	RMB'000	RMB'000
Other items		
Auditors' remuneration	**965**	930
Cost of software and hardware equipments recognised as an expense, including	**141,711**	168,876
– Provision for inventory obsolescence	**6,576**	639
Amortisation of intangible assets	**28,239**	27,565
Depreciation of property, plant and equipment	**2,254**	4,990
Lease charges:		
– Premises held under operating leases	**—**	18,431
– Short term leases and leases with lease term shorter than 12 months as at initial application of IFRS 16	**16,379**	—
Loss on deemed disposal of a joint venture	**—**	1,002
Written off of property, plant and equipment	**2,893**	209
Impairment loss on intangible assets	**24,730**	—
Write-off of intangible assets	**4,064**	1,854
Net foreign exchange loss	**2,802**	2,773

6. INCOME TAX (CREDIT)/EXPENSE

	2019	2018
	RMB'000	RMB'000
Current tax - PRC enterprise income tax		
Current year	**618**	—
Under/(Over)-provision in respect of prior years	**1**	(3,242)
	619	(3,242)
Deferred tax		
Origination and reversal of temporary differences	**(1,388)**	12,050
Income tax (credit)/expense	**(769)**	8,808

Notes:

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Hong Kong profits tax rate is 16.5%. Hong Kong profits tax has not been provided as the companies within the Group had no estimated assessable profits in Hong Kong for both years.

(c) PRC enterprise income tax

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. The applicable income tax rate is 25%.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's subsidiaries in the PRC obtained the "High and New Technology Enterprise" qualification and enjoyed preferential income tax rate of 15% for the years ended 31 December 2019 and 2018.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 175% (2018: 150%) of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group have made its best estimate for the Super Deduction to be claimed in ascertaining their assessable profits for years ended 31 December 2019 and 2018.

(d) 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-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

7. LOSS PER SHARE

(a) Loss per share

Basic loss per share is calculated based on the loss attributable to equity holders of the Company of RMB173,340,000 (2018: RMB168,735,000) and the weighted average number of shares of 618,332,000 shares (2018: 618,400,000 shares) outstanding during the year, excluding the ordinary shares purchased by the Company and held as treasury shares.

(b) Diluted loss per share

For the years ended 31 December 2019 and 2018, the Company has two categories of potential dilutive ordinary shares: the 2010 Share Option Plan and the 2017 Share Option Scheme. The diluted loss per share for the years ended 31 December 2019 and 2018 was the same as the basic loss per share as all the potential ordinary shares were anti-dilutive.

8. INTANGIBLE ASSETS

	Video-related and broadcasting intellectual properties, patents, trademarks and licenses RMB'000	Development costs RMB'000	Total RMB'000
At 1 January 2018			
Cost	142,688	66,092	208,780
Accumulated amortisation	(64,782)	-	(64,782)
Net book amount	77,906	66,092	143,998
Year ended 31 December 2018			
Opening net book amount	77,906	66,092	143,998
Transfers	45,331	(45,331)	—
Write-off	—	(1,854)	(1,854)
Additions	—	47,187	47,187
Amortisation	(27,565)	—	(27,565)
Closing net book amount	95,672	66,094	161,766
At 31 December 2018			
Cost	188,019	66,094	254,113
Accumulated amortisation	(92,347)	-	(92,347)
Net book amount	95,672	66,094	161,766

	Video-related and broadcasting intellectual properties, patents, trademarks and licenses RMB'000	Development costs RMB'000	Total RMB'000
Year ended 31 December 2019			
Opening net book amount	**95,672**	**66,094**	**161,766**
Transfers	**86,511**	**(86,511)**	**—**
Write-off	**(4,064)**	**—**	**(4,064)**
Impairment loss	**(24,730)**	**—**	**(24,730)**
Additions	**—**	**34,282**	**34,282**
Amortisation	**(28,239)**	**—**	**(28,239)**
Closing net book amount	**125,150**	**13,865**	**139,015**
At 31 December 2019			
Cost	**268,722**	**13,865**	**282,587**
Accumulated amortisation	**(118,842)**	**—**	**(118,842)**
Provision for impairment	**(24,730)**	**—**	**(24,730)**
Net book amount	**125,150**	**13,865**	**139,015**

The development costs represented all direct costs incurred in the development of software products. Amortisation charges recognised is analysed as follows:

	2019	2018
	RMB'000	RMB'000
Cost of sales	**28,013**	27,301
Selling and marketing expenses	**37**	36
Administrative expenses	**35**	58
Research and development expenses	**154**	170
	28,239	27,565

9. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	2019	2018
	RMB'000	RMB'000
Net carrying amount:		
As at 1 January	**17,481**	74,220
Impairment loss for the year	**(17,481)**	(56,739)
As at 31 December	**—**	17,481

The carrying amount of the cash generating unit of which the goodwill is allocated, being the research and sales of video-related and broadcasting equipment and software and provision of related technical services business conducted by a subsidiary, ZhengQi (Beijing) Video Technology Co., Ltd. (北京正奇聯訊有限公司, "Beijing Zhengqi"), which was acquired by the Group in 2013. The recoverable amount of goodwill was determined based on value-in-use calculations, using an annual cash flow budget plan covering a 5-year period with estimated long-term growth rate of 3.0% (2018: 3.0%) per annum (for cash flows beyond the five-year period) for the operation, which does not exceed the long-term growth rate for the industry in the PRC. A discount factor of 21.9% (2018: 21.9%) for the year ended 31 December 2019 was applied in the value in use model.

During the year ended 31 December 2019, due to the fierce market competition, the revenue of Beijing Zhengqi was adversely affected and it cannot achieve the revenue target previously projected. This had an adverse impact on the estimated value in use of the cash generating unit and an impairment loss on goodwill of RMB17,481,000 (2018: RMB56,739,000) and intangible assets of RMB6,446,000 (2018: RMBnil) were recognised in profit or loss for the year ended 31 December 2019.

Apart from the considerations described in determining the value in use of the cash generating units above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimate of recoverable amount of the cash generating unit is particularly sensitive to the discount rate applied. The impact from a reasonable change in the discount rate is assessed together with other critical accounting estimates and assumptions.

10. TRADE AND OTHER RECEIVABLES

	Notes	**2019** **RMB'000**	2018 RMB'000
Trade receivables			
From third parties		**308,096**	328,622
From related parties		**12,900**	19,603
		320,996	348,225
Less: Expected credit loss ("ECL") allowance		**(160,495)**	(92,886)
	(a)	**160,501**	255,339
Other receivables	(b)		
Deposits, prepayments and other receivables		**9,663**	8,441
Deposit for guarantee certificate over tendering and performance		**23,472**	32,225
Loan receivables		**123,527**	176,119
Interest receivables		**4,187**	10,309
Advances to suppliers		**69,830**	67,800
Amounts due from related parties		**8,017**	7,327
Amounts due from joint ventures		**1,826**	1,826
Amounts due from associates		**7,607**	5,946
Loan to an associate		**400**	—
VAT receivables		**—**	1,610
Advances to employees		**11,573**	15,306
		260,102	326,909
Less: ECL allowance		**(26,675)**	(15,377)
		233,427	311,532
		393,928	566,871

The directors of the Group 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.

Included in other receivables are the following amounts that are expected to be recovered after more than one year:

	2019	2018
	RMB'000	RMB'000
Deposit for guarantee certificate over tender and performance	**10,324**	9,400

The fair values of trade and other receivables which are expected to be recovered after more than one year are not materially different from their carrying amounts.

(a) Trade receivables

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 after issuance of invoices. Ageing analysis based on invoiced date of the trade receivables and net of ECL allowance at the respective reporting dates is as follows:

	2019	2018
	RMB'000	RMB'000
Billed:		
0 to 90 days	**38,757**	84,233
91 to 180 days	**18,705**	32,596
181 to 365 days	**40,829**	43,634
1 to 2 years	**62,210**	94,876
	160,501	255,339

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

During the year ended 31 December 2019, the Group entered an agreement with an independent third party to repurchase certain trade receivables of RMB40,878,000 of which were factored by the Group in the prior years, for a cash consideration of RMB31,480,000. Up to the date of this announcement, the Group had collected approximately RMB31,426,000 of these receivables.

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.

As at 31 December 2019, 3% and 13% (2018: 1% and 13%) of trade receivables are due from the largest and 5 major customers respectively in cooperation with the Group's business.

(b) Other receivables

Deposit for guarantee certificate

Deposit for guarantee certificate over tendering and performance are placed with third parties for performing the contracts and the deposits are interest-free and will be returned when the contracts are completed.

Loan receivables

As at 31 December 2019, the Group has loan receivables of approximately RMB123,527,000 (2018: RMB176,119,000) from independent third parties. Loan receivable of RMB9,328,000 (net of ECL allowance of RMB13,718,000) (2018: RMB20,459,000 (net of ECL allowance of RMBnil)) is secured by a property, carrying fixed interest of 6% per annum and wholly repayable within one year. As at 31 December 2019, the market value of the property is approximately RMB19,637,000 (2018: RMB20,908,000).

Loan receivables of approximately RMB100,481,000 (2018: RMB107,160,000) and RMBnil (2018: RMB48,500,000) are unsecured, carrying fixed interest of 6% per annum and 1.8% per month respectively, and wholly repayable within one year. Loan receivables of RMB100,481,000 were fully settled subsequent to the year ended 31 December 2019.

Amounts due from joint ventures, associates and related parties

The amounts due are unsecured, interest-free and repayable on demand.

Advances to employees

Advances to employees mainly represent advances for various expenses and deposits to be incurred in the ordinary course of business.

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

11.1 Contract assets

	2019	2018
	RMB'000	RMB'000
Contract assets - retention receivables	**81,864**	84,568
Less: ECL allowance for contract assets	**(6,672)**	(6,807)
	75,192	77,761

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's solution sales contracts include payment schedules which generally require contract instalment over the contract period once certain specified milestones are reached. The Group also agrees to a one to three years retention period for 5% to 10% of the solution sales contract value. This amount is included in contract assets until the end of retention period as the Group's entitlement to this final payment is conditional on the Group's satisfactory work.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime ECL provision for all contract assets. To measure the ECL, contract assets have been grouped with trade receivables based on shared credit risk characteristics and the ageing. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for contract assets are a reasonable approximation of the loss rates for the contract assets.

Except for the following amount of contract assets that are expected to be recovered after more than one year, all contract assets will be recognised as trade receivables within one year:

	2019	2018
	RMB'000	RMB'000
Contract assets	**14,734**	12,132
Less: ECL allowance for contract assets	**(1,201)**	(977)
	13,533	11,155

11.2 Contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products or services are yet to be provided.

Contract liabilities outstanding at the beginning of the year amounting to RMB10,893,000 (2018: RMB16,064,000) have been recognised as revenue during the year.

Unsatisfied performance obligations

The Group has elected the practical expedient for not to disclose the remaining performance obligation because the unsatisfied performance obligations as part of the contracts has original expected duration of one year or less.

12. TRADE AND OTHER PAYABLES

	Notes	**2019**	2018
		RMB'000	RMB'000
Trade and notes payables			
Trade payables			
– third parties	(a)	**134,362**	168,883
Note payables	(b)	**—**	35,000
		134,362	203,883
Other payables			
Other payables and accrued charges		**39,137**	42,131
Other tax liabilities		**49,985**	77,363
Staff costs and welfare accruals		**13,433**	15,252
Amounts due to related parties		**9,489**	8,191
Amount due to a joint venture		**1,050**	—
Amounts due to associates		**2,257**	—
Deferred income related to government grants		**4,475**	1,513
		119,826	144,450
		254,188	348,333

All amounts are short-term and hence the carrying values of the Group's trade and other payables as at 31 December 2019 and 2018 were considered to be a reasonable approximation of its fair value.

(a) Trade payables

The Group was granted by its suppliers credit periods ranging from 30-180 days. The ageing analysis of trade payables based on recognition date is as follows:

	2019	2018
	RMB'000	RMB'000
0 to 90 days	**51,584**	89,145
91 to 180 days	**9,718**	12,775
181 to 365 days	**10,443**	21,042
1 to 2 years	**29,519**	18,362
2 to 3 years	**12,478**	16,245
Over 3 years	**20,620**	11,314
	134,362	168,883

(b) Note payables

All note payables are denominated in RMB and are paid and/or payable to third parties for settlement of trade payables. As at 31 December 2018, the note payables of RMB35,000,000 were guaranteed by Mr. Zheng and Xin'aote Group Co. Ltd. (北京新奧特集團有限公司, "Xin'aote Group"). The note payables were subsequently settled in 2019.

13. SHARE CAPITAL

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

	Number of shares	Nominal value of shares US$
Authorised:		
Ordinary shares of the Company:		
As at 31 December 2018, 1 January 2019 and 31 December 2019, at US$0.00001 each	**5,000,000,000**	**50,000**

	Note	Number of shares	Nominal value of shares US$	Equivalent nominal value of shares RMB'000
Issued and fully paid:				
Ordinary shares of the Company:				
As at 1 January 2018		632,000,000	6,320	43
Repurchased shares cancelled	(i)	(1,668,000)	(17)	—*
As at 31 December 2018 and 2019		**630,332,000**	**6,303**	**43**

	Note	Number of treasury shares	Nominal value of shares US$	Equivalent nominal value of shares RMB'000
Treasury shares of the Company:				
As at 1 January 2018		**12,532,000**	**125**	**1**
Share repurchased	(i)	**1,136,000**	**12**	**—***
Repurchased shares cancelled	(i)	**(1,668,000)**	**(17)**	**—***
As at 31 December 2018 and 2019		**12,000,000**	**120**	**1**

* The balance represent amount less than RMB1,000.

Note:

(i) Repurchase of shares

During the year ended 31 December 2018, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid HK$'000	Equivalent aggregate consideration paid RMB'000
January 2018	806,000	0.90	0.83	696	577
February 2018	330,000	0.82	0.72	258	210
	1,136,000			954	787

The 1,136,000 and 532,000 shares repurchased in 2018 and 2017 were cancelled during the year ended 31 December 2018.

14. SHARE-BASED COMPENSATION TRANSACTIONS

(a) The 2010 Share Option Plan

Pursuant to unanimous written resolution of the Board on 20 December 2010 (the "Effective Date"), a share option scheme was adopted by the Company and is valid and effective for a period of ten years from 20 December 2010 (the "2010 Share Option Plan").

The purpose of the 2010 Share Option Plan is to provide eligible participants to acquire and maintain share ownership, thereby strengthening their commitment to the welfare of the Group and promoting an identify of interest between shareholders and these eligible participants. All directors, employees, consultant or advisor to the Group who, in the sole discretion of the remuneration committee of the Board ("Committee"), or if no such committee has yet been established, the Board, have contributed or will contribute to the Group, are eligible to participate in the 2010 Share Option Plan. Without limiting to the foregoing, at the time of grant of options, any holder of 5% or more of the outstanding ordinary shares of the Company shall not be eligible to be granted, or to receive any ordinary shares of the Company under, any options under the 2010 Share Option Plan.

The maximum number of ordinary shares of the Company to be issued (from time to time) upon exercise of all outstanding options granted and yet to be exercised under the 2010 Share Option Plan must not in aggregate exceed 26,000,000 (subject to adjustment, such as bonus issue, extraordinary cash dividends, share splits, reverse share splits, recapitalisation, reorganisations, mergers, consolidations, combinations occurring after the date of grant of options). The aggregate number of outstanding ordinary shares of the Company as of the Effective Date is 80,000,000 ordinary shares of US$0.00001 each.

The period within which the options must be exercised will be specified by the Company at the time of grant and not to exceed 10 years. The options may be exercised according to the vesting schedule established by the Company. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before the option can be exercised in whole or in part.

The subscription price of the shares (the “Option Price”) under the 2010 Share Option Plan will be specified by the Company at the time of grant. The Option Price shall be payable in cash or by the sale by the participant to the Company, and the repurchase by the Company, for an aggregate consideration of US$1.00, of ordinary shares of the Company held by the participant having an aggregate fair market value at the time the option is exercised equal to the Option Price.

The offer and acceptance of a grant of share options shall be evidenced by a share option agreement. No options may be granted under the 2010 Share Option Plan after the date of the tenth anniversary of its adoption.

In the event a participant’s employment or service with the Group is terminated for any reason, for a period of 360 days after such termination (the “Repurchase Period”) the Company shall have a right but not an obligation, to repurchase any or all ordinary shares of the Company purchased by such participant upon exercise of his or her options (the “Right of Repurchase”), at a price equal to the fair market value of the ordinary shares on the date the Company exercises its Right of Repurchase.

On 1 January 2011, 26,000,000 options were granted by the Company for nil consideration with estimated fair value of approximately US$3,129,000 (approximately RMB20,720,000) (note). Each option gives the holder the right to subscribe for one ordinary share in the Company at an exercise price of US$1.16 per share. The share options are valid for a period of 10 years from 1 January 2011. Included in the 26,000,000 options, (i) 25,700,000 options are subject to a vesting scale in which 30%, 30%, 20% and 20% of options granted shall vest on 1 January 2012, 1 January 2013, 1 January 2014 and 1 January 2015 respectively; and (ii) 300,000 options are subject to a vesting scale in which 1/3, 1/3 and 1/3 of the options granted shall vest on 1 January 2012, 1 January 2013 and 1 January 2014 respectively. All options granted are exercisable from 1 January 2012 to 31 December 2021.

Note: As detailed above, as the participant can choose the method of settlement, the Company is considered to have issued a compound financial instrument, an instrument with a debt component (to the extent that the participant has a right to demand cash) and an equity component (to the extent that the counterparty has a right to demand settlement in equity instruments by giving up their right to cash). However, as the exercise price of the options of US$1.16 per share is higher than the agreed repurchase price of US$1.00 per share, the Group considered the debt component is of no value in respect of all the share options granted, thus the fair value of the equity component was approximately US$3,129,000 (approximately RMB20,720,000) at the date of grant.

On 1 October 2015, 2,935,000 options were granted by the Company to the key employees of the Group under the 2010 Share Option Plan with estimated total fair value of approximately US$3,000,000 (equivalent to approximately RMB19,195,000). The exercise price of the share options granted is US$0.00001 per share. The share options are valid for a period of 10 years from 1 October 2015. Included in the 2,935,000 options, 1,435,000 options granted will vest on the 1 October 2017, and the remaining 1,500,000 options are subject to a vesting scale in which 40%, 30% and 30% of options granted shall vest on 1 October 2016, 1 October 2017 and 1 October 2018 respectively. The options granted are exercisable from 1 October 2016 to 31 December 2021.

The Company has adjusted, pursuant to the authority granted to the Board under the 2010 Share Option Plan, the total number of shares subject to options granted under the 2010 Share Option Plan to 77,893,000 as a result the capitalisation issue which was completed on 27 June 2016. Upon completion of such grant and adjustment, no further options will be granted under the 2010 Share Option Plan.

The following table discloses details of the Company's share options under the 2010 Share Option Plan held by directors and senior employees and movements in such holdings:

	2019		2018	
	Average exercise price in US$ per share option	**Number of share options outstanding**	Average exercise price in US$ per share option	Number of share options outstanding
Directors				
At beginning and end of year	**1.16**	**14,569,265**	1.16	30,940,914
Re-designated to employee	**—**	**—**	1.16	(16,371,649)
Forfeited during the year	**1.16**	**(14,569,265)**	—	—
At end of year	**—**	**—**	1.16	14,569,265
Employees				
At beginning of year	**1.00**	**61,656,531**	0.94	45,465,119
Re-designated from director	**—**	**—**	1.16	16,371,649
Forfeited during the year	**1.16**	**(48,574,232)**	1.16	(180,237)
At end of year	**0.40**	**13,082,299**	1.00	61,656,531
Total				
At beginning of year	**1.03**	**76,225,796**	1.03	76,406,033
Forfeited during the year	**1.16**	**(63,143,497)**	1.16	(180,237)
At end of year	**0.4**	**13,082,299**	1.03	76,225,796
Excisable at the end of year	**0.4**	**13,082,299**	1.03	76,225,796

As at 31 December 2019, the Group had 13,082,299 (2018: 76,225,796) share options outstanding under the 2010 Share Option Plan, which represented approximately 2.08% (2018: 12.09%) of the issued ordinary shares of the Company as at 31 December 2019. The exercise in full of the outstanding share options would, under the present capital structure of the Group, result in the issue of 13,082,299 (2018: 76,225,796) additional ordinary shares of the Company and additional share capital and share premium of approximately RMB1,000 (2018: RMB5,000) and RMB34,234,000 (2018: RMB538,133,000) (before issue expenses), respectively.

None of the above share options were exercised during the years ended 31 December 2019 and 2018. The weighted average remaining contractual life of options outstanding at 31 December 2019 was 2.0 years (2018: 3.0 years).

The Group recognised an expense of nil (2018: RMB770,000) for the year ended 31 December 2019 in relation to the 2010 Share Option Plan.

(b) The Share Option Scheme adopted by the Company in 2017

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 May 2017, the Company adopted a share option scheme to attract, retain and motivate employees, directors and other participants, and to provide a means of compensation through the grant of options for their contribution to the growth and profits of the Group, and to allow them to participate in the future growth and profitability of the Group (the "2017 Share Option Scheme"). The participants of the 2017 Share Option Scheme are any executive, non-executive or independent non-executive directors or any employees (whether full-time or part-time) of the Company, or any of its subsidiaries or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group.

The 2017 Share Option Scheme is valid and effective for a period of ten years from 24 May 2017.

The maximum number of shares which may be issued upon exercise of all options to be granted at any time under the 2017 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the relevant class of the shares in issue as at the date of adoption (the "Mandate Limit of Option Scheme"). Options lapsed in accordance with the terms of the 2017 Share Option Scheme will not be counted for the purpose of calculating the Mandate Limit of Option Scheme.

The Company may seek approval by its shareholders in general meeting for refreshing the Mandate Limit of Option Scheme under the 2017 Share Option Scheme. However, the total number of shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other schemes of the Company under the limit as "refreshed" must not exceed 10% of the relevant class of the shares in issue as at the date of passing the relevant resolution to refresh such limit. Options previously granted under the 2017 Share Option Scheme and any other schemes (including those outstanding, cancelled, lapsed in accordance with the 2017 Share Option Scheme or any other schemes or exercised options) will not be counted for the purpose of calculating the Mandate Limit of Option Scheme as "refreshed". The Company may seek separate approval by its shareholders in general meeting for granting options beyond the Mandate Limit of Option Scheme provided the options in excess of the Mandate Limit of Option Scheme are granted only to eligible participants of the option scheme specifically identified by the Company before such approval is sought.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each eligible participant of the 2017 Share Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of the shares in issue.

The amount of HK$1.00 is payable as consideration for each grant of options under the 2017 Share Option Scheme, upon acceptance of such grant.

Unless otherwise specified by the Board, a grantee is not required to achieve any performance target or to hold an option for a minimum period from the date of grant before any option granted under the 2017 Share Option Scheme can be exercised.

An option may be exercised at any time during a period to be determined and notified by the directors to each grantee of the option and such period shall not exceed the period of ten years from the offer date.

62,000,000 options were granted under the 2017 Share Option Scheme on 24 May 2017 with estimated total fair values of approximately RMB29,510,000.

The exercise price of the share options granted is HK$1.33 per share. The share options are valid for a period of 10 years from 24 May 2017. Included in the 62,000,000 share options, 25,340,000 options, 18,330,000 options and 18,330,000 options will vest on the grant date, the first anniversary of the grant date and the second anniversary of the grant date respectively.

Movements in the number of the Company's share options under the 2017 Share Option Scheme during the year are as follows:

	2019		2018	
	Average exercise price in HK$ per share option	**Number of share options**	Average exercise price in HK$ per share option	Number of share options
Directors				
At beginning of year	**1.33**	**9,800,000**	1.33	13,100,000
Re-designated to employees	**—**	**—**	1.33	(3,300,000)
At end of year	**1.33**	**9,800,000**	1.33	9,800,000
Employees				
At beginning of year	**1.33**	**51,859,700**	1.33	48,870,000
Re-designated from directors	**—**	**—**	1.33	3,300,000
Forfeited during the year	**1.33**	**(177,000)**	1.33	(310,300)
At end of year	**1.33**	**51,682,700**	1.33	51,859,700
Total				
At beginning of year	**1.33**	**61,659,700**	1.33	61,970,000
Forfeited during the year	**1.33**	**(177,000)**	1.33	(310,300)
At end of year	**1.33**	**61,482,700**	1.33	61,659,700
Exercisable at the end of year	**1.33**	**61,482,700**	1.33	43,183,500

As at 31 December 2019, the Group had 61,482,700 (2018: 61,659,700) share options outstanding under the 2017 Share Option Scheme, which represented approximately 9.75% (2018: 9.78%) of the issued ordinary shares of the Company as at 31 December 2019. The exercise in full of the outstanding share options would, under the present capital structure of the Group, result in the issue of 61,482,700 (2018: 61,659,700) additional ordinary shares of the Company and additional share capital and share premium of approximately RMB4,000 (2018: RMB5,000) and RMB73,350,000 (2018: RMB71,998,000) (before issue expenses), respectively.

None of the above share options were exercised during the year. The weighted average remaining contractual life of options outstanding at 31 December 2019 was 7.4 years (2018: 8.4 years).

The Group recognised an expense of RMB1,590,000 (2018: RMB7,542,000) for the year ended 31 December 2019 in relation to the 2017 Share Option Scheme.

(c) Share Award Scheme adopted by the Company in 2017

The Board approved the adoption of the a share award scheme on 20 March 2017 (the “2017 Share Award Scheme”), pursuant to which, shares will be acquired by a trustee by way of subscription of new shares and/or purchase of shares from the market out of cash contributed by the Group and be held on trust for the participants until such awarded shares are vested in the relevant selected participants in accordance with the provisions of the 2017 Share Award Scheme.

The Company has appointed The Core Trust Company Limited as the trustee (the “Trustee”). The Trustee is an independent third party of the Company and is acting for a wide scope of participants under the 2017 Share Award Scheme.

Unless early terminated by the Board, the 2017 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date of the 2017 Share Award Scheme provided that no contribution to the trust fund will be made by the Company on or after the 10th anniversary date of the adoption date of the 2017 Share Award Scheme.

The Board shall not make any further award of shares which will result in the number of shares awarded by the Board under the 2017 Share Award Scheme to be in excess of 8.5% of the issued share capital of the Company as at the adoption date of the 2017 Share Award Scheme unless otherwise determined by the resolution of the Board.

The maximum number of shares to be awarded under the 2017 Share Award Scheme in each financial year of the Company shall not exceed 3% of the issued share capital of the Company as at the adoption date of the 2017 Share Award Scheme.

The maximum number of shares which may be allocated and awarded to a selected participant under the 2017 Share Award Scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company immediately preceding such allocation and award.

On each occasion when the Board instructs the Trustee to purchase shares from the market, it shall specify the maximum amount of funds to be used and the range of prices at which such shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board.

Vesting of the shares will be conditional on the selected participant remaining a participant at all times after the relevant dates of the fulfilment of the performance targets (if any) specified by the Board and on the vesting date a participant until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee, unless otherwise determined by the Board.

The Trustee shall not exercise the voting rights in respect of any shares held under the trust (including but not limited to the awarded shares, the returned shares and further shares acquired out of the income derived therefrom).

Pursuant to the resolution passed at the annual general meeting of the Company held on 18 May 2017, 12,000,000 share awards were granted by the Company to the key employees of the Group under the 2017 Share Award Scheme with estimated fair value of approximately RMB14,325,000. The fair value of the awarded shares was determined with reference to the market price of the Company's shares at the grant date. The 12,000,000 awarded shares are subject to a vesting scale in which 40%, 30% and 30% of the awarded shares shall vest on 18 May 2017, 20 March 2018 and 20 March 2019 respectively.

In 2017, the Company has issued 12,000,000 new shares to the Trustee for the Share Award Scheme and classified as treasury shares of the Company. The Group had 10,675,997 (2018: 11,085,448) share awards outstanding under the Share Award Scheme, which represented approximately 1.69% (2018: 1.76%) of the issued ordinary shares of the Company as at 31 December 2019. No shares were purchased or granted by the Company under the Share Award Scheme during the year ended 31 December 2019 and 2018.

During the year ended 31 December 2019, 2,275,997 awarded shares (2018: 8,400,000) were vested under the Share Award Scheme.

Movements in the number of the Company's share awards under the 2017 Share Award Scheme during the year are as follows:

	Number of share awards
Employees	
At 1 January 2018	12,000,000
Forfeited during the year	(914,552)
At 31 December 2018 and 1 January 2019	**11,085,448**
Forfeited during the year	**(409,451)**
At 31 December 2019	**10,675,997**

The Group recognised an expense of RMB165,000 (2018: RMB2,996,000) for the year ended 31 December 2019 in relation to the 2017 Share Award Scheme.

(d) The Group recognised a total expense of RMB1,755,000 (2018: RMB11,308,000) for the year ended 31 December 2019 in relation to the above share options and share awards. The share-based compensation expense was shown as a separate item on the face of the consolidated statement of comprehensive income.

15. LEASE COMMITMENTS

At the reporting date, the lease commitments for short-term leases (2018: total future minimum lease payments payable by the Group under non-cancellable operating leases) are as follows:

	2019	2018
	RMB'000	RMB'000
Premises		
Within one year	**5,950**	8,895
In the second to fifth year inclusive	**—**	116
	5,950	9,011

DESPATCH OF ANNUAL REPORT

The Company's annual report containing the consolidated financial statements for the year ended 31 December 2019 will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.cdv.com on Friday, 8 May 2020 and despatched to the shareholders of the Company in due course.

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

Hong Kong, 8 May 2020

As at the date of this announcement, the executive Directors are Mr. ZHENG Fushuang, Mr. LIU Baodong and Mr. XU Da, and the independent non-executive Directors are Mr. Frank CHRISTIAENS, Ms. CAO Qian 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.