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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN BEIJING JINSONG CHUANGYI TECHNOLOGY CO., LTD.*

THE DISPOSAL

The Board wishes to announce that on 25 May 2022 (after trading hours), the Vendor (an indirectly wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Interest, at a consideration of RMB9 million (which is equivalent to approximately HK\$10.44 million). Upon Completion, the Company will not hold any interest in the Disposal Company and the Disposal Company will cease to be the subsidiary of the Company.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

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THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date: 25 May 2022 (after trading hours)

Parties: (i) the Vendor; and
(ii) the Purchaser.

Assets to be disposed of

The Sale Interest represents the entire equity interests in the Disposal Company. As at the date of this announcement, the Disposal Company is an indirect wholly-owned subsidiary of the Company.

Consideration

The consideration for the Disposal shall be RMB9 million (which is equivalent to approximately HK\$10.44 million) to be paid by the Purchaser to the Vendor in cash on Completion.

The consideration for the Disposal was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the registered capital of the Disposal Company. The Directors consider the consideration for the Disposal is fair and reasonable and on normal commercial terms and that the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place on a date to be agreed between the Vendor and the Purchaser.

Upon Completion, the Company will not hold any interest in the Disposal Company and the Disposal Company will cease to be the subsidiary of the Company.

INFORMATION ON THE PARTIES INVOLVED IN THE DISPOSAL

Information of the Group

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is a leading digital video technology and service company in the television broadcasting industry in the PRC. It provides a full range of solutions, services and products to television broadcasters and other digital video content providers, to effectively assist and enhance digital video technology content in the upgrade and management works on the post-production segment, which is a critical part of the television broadcasting market in the PRC.

Information of the Vendor

The Vendor is a company established in the PRC and a direct wholly-owned subsidiary of the Company. It provides a full range of solutions, service and products to TV broadcasters and other digital video content providers, focusing mainly on the post-production segment.

Information of the Purchaser

The Purchaser is a company established in the PRC and is principally engaged in information systems integration service, digital cultural creative content application service, digital content production service and transmission of audio-visual programs through information networks. The Purchaser is owned by the Vendor, Beijing Yuweihao Technology Center (Limited Partnership)* (北京裕微豪科技中心(有限合伙)) (“**Beijing Yuweihao**”) and Beijing Ruijiting Technology Center (Limited Partnership)* (北京瑞基庭科技中心(有限合伙)) (“**Beijing Ruijiting**”) as to 30%, 30% and 40%, respectively.

As at the date of this announcement, the ultimate beneficial owners of Beijing Yuweihao are Liu Liming (劉立明) and Yang Daijun (楊代軍), each holding 50% of the equity interests of Beijing Yuweihao, respectively. Based on the public information available, as at the date of this announcement, the ultimate beneficial owners of Beijing Ruijiting are Guo Langhua (郭朗華), Chen Li (陳李), Wang Jun (王君) and Cheng Yu (程揄), holding 40%, 20%, 20% and 20% of the equity interests of Beijing Ruijiting, respectively.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Beijing Yuweihao and Beijing Ruijiting and their respective ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

Information of the Disposal Company

The Disposal Company is a company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The Disposal Company is engaging in technology development, technology consultation, technology service, software service and computer system service. Based on the unaudited management account of the Disposal Company, from the period since its establishment on 26 November 2021 up to 30 April 2022, the Disposal Company recorded a loss before tax of approximately RMB0.29 and loss after tax of approximately RMB0.29. Its net assets value as at 30 April 2022 was approximately RMB8.71 million (which is equivalent to approximately HK\$10.1 million).

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Disposal Company will cease to be consolidated in the accounts of the Group. With reference to the net assets value of the Disposal Company of approximately RMB8.71 million (which is equivalent to approximately HK\$10.1 million) as at 30 April 2022, the estimated net gain before taxation from the Disposal is approximately RMB0.29 million (which is equivalent to approximately HK\$0.34 million). The actual gain or loss on the Disposal may be different from the above and is subject to the review and final audit by the Company's auditor.

It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal Company is engaging in technology development, technology consultation, technology service, software service and computer system service. The Company would like to streamline its business structure as well as to improve its operational performance. As such, the Board is of the view that the Disposal is beneficial to the Group for improving its liquidity and reallocate its resources for future development of its principal business. The Directors consider that the Disposal and the terms of the Equity Transfer Agreement is on normal commercial terms and are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

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| “Board” | the board of Directors; |
| “Company” | China Digital Video Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8280); |
| “Completion” | the completion of the Disposal when the transfer of the Sale Interest from the Vendor to the Purchaser is completed; |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules; |
| “Director(s)” | director(s) of the Company; |
| “Disposal” | the disposal by the Vendor of the Sale Interest subject to and upon the terms and conditions as set out in the Equity Transfer Agreement; |
| “Disposal Company” | Beijing Jinsong Chuangyi Technology Co., Ltd.* (北京錦頌創逸技術科技有限公司), a company established under the laws of the PRC; |
| “Equity Transfer Agreement” | the agreement dated 25 May 2022 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Interest; |
| “GEM” | GEM operated by the Stock Exchange; |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Independent Third Parties” | third party(ies) independent of the Company and its connected persons; |

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| “PRC” | the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative region of the PRC and Taiwan; |
| “Purchaser” | Tuteng Shijie (Guangzhou) Digital Technology Limited Company* (圖騰視界(廣州)數字科技有限公司), a company established in the PRC with limited liability; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Sale Interest” | the entire equity interest in the Disposal Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Vendor” | China Digital Video (Beijing) Limited* (新奧特(北京)視頻技術有限公司), a company established in the PRC and an indirectly wholly-owned subsidiary of the Company; and |
| “%” | per cent. |

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.16. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 25 May 2022

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

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

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

** For identification purposes only*