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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)

NOTIFIABLE TRANSACTIONS AND PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE TO ASSOCIATE AND JOINT VENTURE

The Board announces that it has entered into the following transactions:

The Beijing Xinaote Sports Loan

- (i) In between 2020 to 2021, the Company provided shareholder's loan ranging from approximately RMB10,000 to RMB900,000 to its associate, namely, Beijing Xinaote Sports. As at 31 December 2021, the outstanding amount of the loan amounted to approximately RMB3.1 million.

The Beijing Jingqi Loan

- (ii) In between 2018 to 2021, the Company provided shareholder's loan ranging from approximately RMB500 to RMB410,000 to its joint venture, namely, Beijing Jingqi. As at 31 December 2021, the outstanding amount of the loan amounted to approximately RMB4.7 million.

Beijing Xinaote Sports is an associate of the Company while Beijing Jingqi is a joint venture of the Company, as they were expanding their business operations at the material time, additional financial resources were required to strengthen their competitiveness and growth of their businesses, the Company provided the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan which would be utilised for financing the working capital requirements of Beijing Xinaote Sports and Beijing Jingqi to facilitate their business growth and development which in turn will be beneficial to the Group.

PROVISION OF LOAN TO INDEPENDENT THIRD PARTIES

The Beijing Cuiju Loan

- (i) On 1 January 2021, the Company as lender and Beijing Cuiju as borrower entered into the Beijing Cuiju Loan Agreement, pursuant to which, the Company agreed to provide a loan in the principal amount of RMB20,000,000 at an interest rate of 6% per annum for a term from 1 January 2021 to 31 December 2021. It was agreed between the parties to the Beijing Cuiju Loan Agreement that the maturity date would be extended to 30 June 2022.

The Beijing Huizhi Loan

- (ii) On 1 January 2021, the Company as lender and Beijing Huizhi as borrower entered into the Beijing Huizhi Loan Agreement, pursuant to which, the Company agreed to provide a loan in the principal amount of RMB200,000,000 at an interest rate of 6% per annum for a term from 1 January 2021 to 31 December 2021. It was agreed between the parties to the Beijing Huizhi Loan Agreement that the maturity date would be extended to 30 June 2022.

The Shanxi Peilongjun Loan

- (iii) On 4 January 2021, the Company as lender and Shanxi Peilongjun as borrower entered into the Shanxi Peilongjun Loan Agreement, pursuant to which, the Company agreed to provide a loan in the principal amount of RMB20,000,000 at an interest rate of 6% per annum for a term from 4 January 2021 to 4 January 2022. It was agreed between the parties to the Shanxi Peilongjun Loan Agreement that the maturity date would be extended to 4 July 2022.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of each of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan exceed 5% but are less than 25%, the provision of each of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of each of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan is more than 25%, the provision of each of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Further, as the amount of the Beijing Huizhi Loan exceeds 8% of the Company's total assets as at 31 December 2021, the Company should have announced the details of the Beijing Huizhi Loan in accordance with Rule 17.17 of the GEM Listing Rules.

Due to an inadvertent oversight to the requirements under the GEM Listing Rules, the Company failed to identify the relevant loan transactions as advance to entity and transactions under Chapters 17 and 19 of the GEM Listing Rules, the Beijing Xinaote Sports Loan, the Beijing Jingqi Loan the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan were not disclosed or approved by the Shareholders in accordance with the GEM Listing Rules, and the Company inadvertently failed to comply with the relevant requirements under Chapters 17 and 19 of the GEM Listing Rules.

As the transactions contemplated under the Loan Agreements had taken place and each of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan have been fully repaid, the Board will not submit the aforesaid transactions for approval by the Shareholders.

PROVISION OF FINANCIAL ASSISTANCE TO ASSOCIATE AND JOINT VENTURE

The Board announces that, it has entered into the following transactions:

The Beijing Xinaote Sports Loan

- (i) In between 2020 to 2021, the Company provided shareholder's loan ranging from approximately RMB10,000 to RMB900,000 to its associate, namely, Beijing Xinaote Sports. As at 31 December 2021, the outstanding amount of the loan amounted to approximately RMB3.1 million.

The Beijing Jingqi Loan

- (ii) In between 2018 to 2021, the Company provided shareholder's loan ranging from approximately RMB500 to RMB410,000 to its joint venture, namely, Beijing Jingqi. As at 31 December 2021, the outstanding amount of the loan amounted to approximately RMB4.7 million.

Beijing Xinaote Sports is an associate of the Company while Beijing Jingqi is a joint venture of the Company, as they were expanding their business operations at the material time, additional financial resources were required to strengthen their competitiveness and growth of their businesses, the Company provided the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan which would be utilised for financing the working capital requirements of Beijing Xinaote Sports and Beijing Jingqi to facilitate their business growth and development which in turn will be beneficial to the Group.

The principal terms of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan are summarized as follows:

	The Beijing Xinaote Sports Loan	The Beijing Jingqi Loan
Relevant period	: In between 2020 to 2021	In between 2018 to 2021
Parties	: (i) the Company as lender (ii) Beijing Xinaote Sports as borrower	(i) the Company as lender (ii) Beijing Jingqi as borrower
Outstanding amount as at 31 December 2021	: RMB3.1 million	RMB4.7 million

As Beijing Xinaote Sports and Beijing Jingqi made the funding requests during their ordinary course of businesses and the Company provided the fundings under its ordinary course of business, the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan are interest-free, payable on demand and are unsecured. The purpose of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan is for their long-term business development.

As at the date of this announcement, the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan have not been repaid.

Beijing Xinaote Sports

Beijing Xinaote Sports is a company established in the PRC and is mainly engaged in software research and development services for ultra-high-definition video transmission and processing related technologies.

As at the date of this announcement, Beijing Xinaote Sports is an associate of the Company and is ultimately owned as to (i) 33.33% by the Company; (ii) 28.33% by CDV Investment; (iii) 21.67% by 北京聚格創智科技發展中心(有限合夥) (Beijing Juge Chuangzhi Technology Development Center (Limited Partnership)*) (which is ultimately owned as to (a) 23% by 曹令一 (Cao Lingyi*), an Independent Third Party; (b) 20% by 鄭小強 (Zheng Xiaoqiang*), an Independent Third Party; (c) 19% by 李濤 (Li Tao*), an Independent Third Party; (d) 19% by 李松 (Li Song*), an Independent Third Party; and (e) 19% by 陳李 (Chen Li*), an Independent Third Party, respectively); and (iv) 16.67% by 陳李, an Independent Third Party, respectively.

Beijing Jingqi Loan

Beijing Jingqi is a company established in the PRC and is mainly engaged in development and sales of video server software.

As at the date of this announcement, Beijing Jingqi is a joint venture of the Company and is ultimately owned as to (i) 38.25% by the Company; (ii) 36.75% by 李靜 (Li Jing*), an Independent Third Party; and (iii) 25% by 段洪森 (Duan Hongsen*), an Independent Third Party, respectively.

The Company

The Group is principally engaged in research, development and sales of video-related and broadcasting equipment and software and provision of related technical services in the PRC.

CDV Investment

CDV Investment is a company established in the PRC with limited liability and is principally engaged in property management business. As at the date of this announcement, CDV Investment was owned as to 95% by Mr. Zheng Fushuang, an executive Director and the controlling shareholder of the Company and as to 5% by 郭朗華 (Guo Langhua*), an Independent Third Party, respectively. CDV Investment is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Reasons and benefits of the provision of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan

Since the Company is one of the shareholders of Beijing Xinaote Sports and Beijing Jingqi, the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan are interest-free, have no fixed term and are unsecured. The purpose of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan is for their long-term business development. The terms of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan were negotiated on arm's length and individual basis with reference to the long-term business prospects of Beijing Xinaote Sports and Beijing Jingqi. The Beijing Xinaote Sports Loan and the Beijing Jingqi Loan were funded by internal resources of the Company. The Company was optimistic of the prospects of Beijing Xinaote Sports and Beijing Jingqi and opined that the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan would be beneficial to the Company in the long-term.

Taking into account the factors set out above, the Directors considered that the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan and the terms and conditions thereof were on normal commercial terms and were fair and reasonable and in the interest of the Company and its Shareholders as a whole.

PROVISION OF LOAN TO INDEPENDENT THIRD PARTIES

The Beijing Cuiju Loan

- (i) On 1 January 2021, the Company as lender and Beijing Cuiju as borrower entered into the Beijing Cuiju Loan Agreement, pursuant to which, the Company agreed to provide a loan in the principal amount of RMB20,000,000 at an interest rate of 6% per annum for a term from 1 January 2021 to 31 December 2021. It was agreed between the parties to the Beijing Cuiju Loan Agreement that the maturity date would be extended to 30 June 2022.

The Beijing Huizhi Loan

- (ii) On 1 January 2021, the Company as lender and Beijing Huizhi as borrower entered into the Beijing Huizhi Loan Agreement, pursuant to which, the Company agreed to provide a loan in the principal amount of RMB200,000,000 at an interest rate of 6% per annum for a term from 1 January 2021 to 31 December 2021. It was agreed between the parties to the Beijing Huizhi Loan Agreement that the maturity date would be extended to 30 June 2022.

The Shanxi Peilongjun Loan

(iii) On 4 January 2021, the Company as lender and Shanxi Peilongjun as borrower entered into the Shanxi Peilongjun Loan Agreement, pursuant to which, the Company agreed to provide a loan in the principal amount of RMB20,000,000 at an interest rate of 6% per annum for a term from 4 January 2021 to 4 January 2022. It was agreed between the parties to the Shanxi Peilongjun Loan Agreement that the maturity date would be extended to 4 July 2022.

The principal terms of the Loan Agreements are summarized as follows:

	The Beijing Cuiju Loan Agreement	The Beijing Huizhi Loan Agreement	The Shanxi Peilongjun Loan Agreement
Date	: 1 January 2021	1 January 2021	4 January 2021
Parties	: (i) the Company as lender (ii) Beijing Cuiju as borrower	(i) the Company as lender (ii) Beijing Huizhi as borrower	(i) the Company as lender (ii) Shanxi Peilongjun as borrower
Principal amount	: RMB20,000,000	RMB200,000,000	RMB20,000,000
Interest	: 6% per annum and payable on the maturity date	6% per annum and payable on the maturity date	6% per annum and payable on the maturity date
Term	: 1 January 2021 to 31 December 2021 (and extended to 30 June 2022 as agreed between the parties)	1 January 2021 to 31 December 2021 (and extended to 30 June 2022 as agreed between the parties)	4 January 2021 to 4 January 2022 (and extended to 4 July 2022 as agreed between the parties)
Repayment	: The borrowers shall repay the loans upon expiry of the respective term.		
Security	: Nil	Nil	Nil

As at the date of this announcement, each of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan have been fully repaid.

Beijing Cuiju

Beijing Cuiju is a company established in the PRC and is principally engaged in the provision of computer hardware and software related products.

As at the date of this announcement, to the best of the Director's knowledge, information and belief having made all reasonable enquiry, Beijing Cuiju is wholly and ultimately owned by 王東輝 (Wang Donghui*), an Independent Third Party.

Beijing Huizhi

Beijing Huizhi is a company established in the PRC and is principally engaged in the provision of computer hardware and software related products.

As at the date of this announcement, to the best of the Director's knowledge, information and belief having made all reasonable enquiry, Beijing Huizhi is wholly and ultimately owned by 劉先虎 (Liu Xianhu*), an Independent Third Party.

Shanxi Peilongjun

Shanxi Peilongjun is a company established in the PRC and is principally engaged in the trading of mineral resources and ancillary products.

As at the date of this announcement, to the best of the Director's knowledge, information and belief having made all reasonable enquiry, Shanxi Peilongjun is wholly and ultimately owned by 高建東 (Gao Jiandong*), an Independent Third Party.

Reasons and benefits of the provision of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan

The terms of Loan Agreements (including the principal amount and the interest rates) were arrived at by the Company and the borrowers after arm's length negotiations, having regard to, among others, the then prevailing commercial practice and the amount of loans. The Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan were funded by internal resources of the Company. The provision of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan would provide interest income at the interest rate of 6% per annum to the Group, which would bring better returns to the Group than bank deposits. Taking into account that the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan would increase the income of the Group and would bring positive cash flow for the Group, the Directors considered that provision of the relevant loans and the terms of Loan Agreements (including the interest rate and the principal amount) were on normal commercial terms and were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of each of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan exceed 5% but are less than 25%, the provision of each of the Beijing Xinaote Sports Loan and the Beijing Jingqi Loan constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of each of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan is more than 25%, the provision of each of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Further, as the amount of the Beijing Huizhi Loan exceeds 8% of the Company's total assets as at 31 December 2021, the Company should have announced the details of the Beijing Huizhi Loan in accordance with Rule 17.17 of the GEM Listing Rules.

Due to an inadvertent oversight to the requirements under the GEM Listing Rules, the Company failed to identify the relevant loan transactions as advance to entity and transactions under Chapters 17 and 19 of the GEM Listing Rules, the Beijing Xinaote Sports Loan, the Beijing Jingqi Loan the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan were not disclosed or approved by the Shareholders in accordance with the GEM Listing Rules, and the Company inadvertently failed to comply with the relevant requirements under Chapters 17 and 19 of the GEM Listing Rules. In order to ratify such internal control deficiencies, the Company has engaged a consultant to conduct an independent internal control review.

As the transactions contemplated under the Loan Agreements had taken place and each of the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan have been fully repaid, the Board will not submit the aforesaid transactions for approval by the Shareholders.

REMEDIAL ACTIONS

In order to avoid reoccurrence of similar events in the future, the Company has taken or will take the following remedial actions to ensure strict and full compliance by the Company with the GEM Listing Rules:

- (i) the Company will arrange more training sessions on regulatory compliance matters relating to notifiable transactions, connected transactions and advance to

an entity under Chapters 19 and 20 of the GEM Listing Rules to the Directors, senior management and the staff responsible for compliance matters and businesses matters of the Group on a regular basis to reinforce their understanding of and to emphasise the importance of compliance with the GEM Listing Rules;

- (ii) in the event the Company is contemplating similar transactions, the Company will seek professional advice and maintain closer cooperation with its professional advisers in relation to regulatory compliance, including consulting its external legal counsel regarding future sizeable transactions to ensure compliance with the requirements under the GEM Listing Rules including Chapter 19 as and when necessary; and
- (iii) the Company has engaged a consultant to conduct an independent internal control review (the “**Internal Control Review**”). The scope of the Internal Control Review included, among others, improving the measures and procedures in relation to the handling of financial assistance, discloseable transactions and connected transactions. In accordance with the guidance provided by the aforesaid consultant, the Company formulated the relevant GEM Listing Rules compliance policies focusing on the management of provision of financial assistance and adopted 對外提供財務資助管理制度 (Regulatory Measures in relation to the Provision of Financial Assistance) (the “**Measures**”). Pursuant to the Measures, before the Group making any loan or advancement, the finance department shall submit the loan application to the head of finance department for approval and report the loan transaction to the Secretary of the Board Department. The Secretary of the Board Department will calculate the relevant size and check with the legal adviser of the Company to see if the relevant transaction triggers any disclosure requirement under the GEM Listing Rules. The company Secretary of the Board Department shall ensure such requirements are met before the advancement of loans.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

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| “associate” | has the meaning ascribed to it under the GEM Listing Rules; |
| “Beijing Cuiju” | 北京萃聚科技有限公司 (Beijing Cuiju Technology Co., Ltd.*), a company established in the PRC with limited liability; |

“Beijing Cuiju Loan”	a loan in the principal amount of RMB20,000,000 at the interest rate of 6% per annum from 1 January 2021 to 30 June 2022 provided by the Company to Beijing Cuiju pursuant to the terms of the Beijing Cuiju Loan Agreement;
“Beijing Cuiju Loan Agreement”	a loan agreement dated 1 January 2021 entered into between the Company and Beijing Cuiju in respect of the provision of the Beijing Cuiju Loan;
“Beijing Huizhi”	北京蕙質科技有限公司 (Beijing Huizhi Technology Co., Ltd.*), a company established in the PRC with limited liability;
“Beijing Huizhi Loan”	a loan in the principal amount of RMB200,000,000 at the interest rate of 6% per annum from 1 January 2021 to 30 June 2022 provided by the Company to Beijing Huizhi pursuant to the terms of the Beijing Huizhi Loan Agreement;
“Beijing Huizhi Loan Agreement”	a loan agreement dated 1 January 2021 entered into between the Company and Beijing Huizhi in respect of the provision of the Beijing Huizhi Loan;
“Beijing Jingqi”	北京精奇創智科技有限公司 (Beijing Jingqi Chuangzhi Technology Co., Ltd.*), a company established in the PRC with limited liability;
“Beijing Jingqi Loan”	the loan provided by the Company to Beijing Jingqi in between 2018 to 2021 in the principal amount of up to RMB4.7 million as at 31 December 2021;
“Beijing Xinaote Sports”	北京新奧特體育科技有限公司 (Beijing Xinaote Sports Technology Co., Ltd.*), a company established in the PRC with limited liability;
“Beijing Xinaote Sports Loan”	the loan provided by the Company to Beijing Xinaote Sports in between 2020 to 2021 in the principal amount of up to RMB3.1 million as at 31 December 2021;
“Board”	the board of Directors;
“CDV Investment”	新奧特投資集團有限公司 (Xinaote Investment Group Co., Ltd.*), a company established in the PRC with limited liability;

“Company”	a company incorporated in Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8280);
“Director(s)”	director(s) of the Company;
“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 Party”	third party independent of the Company and its connected persons (as defined in the GEM Listing Rules);
“Loan Agreements”	collectively, the Beijing Cuiju Loan, the Beijing Huizhi Loan and the Shanxi Peilongjun Loan Agreement;
“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;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanxi Peilongjun”	山西沛隆峻商貿有限公司 (Shanxi Peilongjun Trading Co., Ltd.*), a company established in the PRC with limited liability;
“Shanxi Peilongjun Loan”	a loan in the principal amount of RMB20,000,000 at the interest rate of 6% per annum from 4 January 2021 to 4 July 2022 provided by the Company to Shanxi Peilongjun pursuant to the terms of the Shanxi Peilongjun Loan Agreement;
“Shanxi Peilongjun Loan Agreement”	a loan agreement dated 4 January 2021 entered into between the Company and Shanxi Peilongjun in respect of the provision of the Shanxi Peilongjun Loan;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

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

Hong Kong, 21 October 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 Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its posting and on the Company’s website at www.cdv.com.

** For identification purposes only. The English names are only translations of the official Chinese names. In case of inconsistency, the Chinese names prevail.*