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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)**

### **PROFIT WARNING**

This announcement is made by China Digital Video Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rule) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on a preliminary review and analysis of the latest available unaudited consolidated management accounts of the Company, it is expected that the Group will record a net loss for the three months ended 31 March 2017 (the “**First Quarter 2017**”) as compared to a net profit recorded by the Group for the three months ended 31 March 2016 (the “**First Quarter 2016**”).

The expected loss for the First Quarter 2017 was primarily attributable to the following factors:

1. the non-cash share-based compensation expenses of RMB31.2 million related to the shares of the Company (the “**Shares**”) granted by Mr. ZHENG Fushuang, the ultimate controlling shareholder of the Company, to Mr. LIU Baodong and Mr. GUO Langhua in January 2017. Please refer to the announcement of the Company dated 4 January 2017 for detailed information;
2. the gain of approximately RMB 66.6 million arising from fair value gain on redeemable convertible preferred shares for the First Quarter 2016. The Group did not record any such gain for the First Quarter 2017 as all the redeemable convertible preferred shares of the Company have been converted to ordinary shares when the Shares listed on the Growth Enterprise Market of the Stock Exchange in June 2016;

3. the decrease in the revenue from sales of solutions and products for the First Quarter 2017 as compared to that of the First Quarter 2016;
4. the Group committed more investment in research and development expenses than in the past to strengthen the research and development capability of our Group, which is in line with our business objectives; and
5. our marketing expense for solutions and services increased significantly in the First Quarter 2017 as compared to that of the First Quarter 2016.

This announcement is made solely on the basis of a preliminary assessment made by the management of the Company with reference to information available for the time being, including the consolidated management accounts of the Group, which has not been reviewed nor confirmed by the Company's auditor and the audit committee. Finalised consolidated management accounts of the Group for the First Quarter 2017 will be disclosed in the first quarterly results announcement of the Company, which is expected to be published on or around 8 May 2017.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 26 April 2017

*As at the date of this announcement, the executive Directors of the Company are Mr. ZHENG Fushuang, Mr. GUO Langhua and Mr. LIU Baodong, and the independent non-executive Directors are Mr. Frank CHRISTIAENS, Mr. ZHANG Yaqin 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 Stock Exchange's website at [www.hkgem.com](http://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](http://www.cdv.com)*