

China Digital TV Holding Co., Ltd.
Form 20-F
June 18, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
—For the fiscal year ended December 31, 2007
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
—For the transition period from _____ to _____
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-33692

CHINA DIGITAL TV HOLDING CO., LTD.
(Exact Name of Registrant as Specified in Its Charter)

N/A
(Translation of Registrant's Name Into English)

Cayman Islands
(Jurisdiction of Incorporation or Organization)

**Jingmeng High-Tech Building B, 4th Floor
No. 5 Shangdi East Road
Haidian District, Beijing 100085
People's Republic of China**
(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Ordinary shares, par value US\$0.0005 per share*	New York Stock Exchange
American depositary shares, each representing one ordinary share	

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

*Not for trading, but only in connection with the listing on the New York Stock Exchange of American depositary shares, or ADSs, each representing one ordinary share.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2007, 57,296,932 ordinary shares, par value US\$0.0005 per share, were issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statement included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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INTRODUCTION

Except where the context otherwise requires and for purposes of this annual report only:

- “ADSs” refers to our American depositary shares, each of which represents one ordinary share;
- “ADRs” refers to American depositary receipts, which, if issued, evidence our ADSs;
- “CA systems” refers to conditional access systems provided to the PRC’s digital television market, which consist of (i) smart cards that are inserted into set-top boxes at the subscriber’s end, or terminal end, (ii) software installed at the digital television network operator’s transmission point, or head end, and (iii) software for set-top boxes, enabling digital television network operators to control the distribution of contents and value-added services to their subscribers and block unauthorized access to their networks;
- “China” or the “PRC” refers to the People’s Republic of China, excluding, for the purposes of this annual report, Hong Kong, Macau and Taiwan;
- “RMB” or “Renminbi” refers to the legal currency of China;
- “U.S. dollars” or “\$” refers to the legal currency of the United States;
- “US GAAP” refers to generally accepted accounting principles in the United States; and
- all references to the number of the ordinary shares and the number of the Series A convertible redeemable shares, or Series A preferred shares, of our wholly owned subsidiary, China Digital TV Technology Co., Ltd., or CDTV BVI, take into account a 40-for-1 share split executed by CDTV BVI in May 2007.

All references to “CDTV Holding,” “we,” “us” or “our” include China Digital TV Holding Co., Ltd., its subsidiaries, the businesses acquired from Novel-Tongfang Information Engineering Co., Ltd., or N-T Information Engineering, and, in the context of describing our operations and consolidated financial information, also include Beijing Novel-Super Digital TV Technology Co., Ltd. (formerly known as Beijing Novel-Tongfang Digital TV Technology Co., Ltd.), or N-S Digital TV.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to our business, operating results and financial condition as well as our current expectations, assumptions, estimates and projections about our industry. All statements other than statements of historical fact in this annual report are forward-looking statements. These forward-looking statements can be identified by words or phrases such as the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “may,” “is/are likely to,” “should,” “will” and similar expressions. These forward-looking statements include, without limitation, statements relating to:

- our goals and strategies;
- the future growth of the PRC’s digital television broadcasting market, and factors driving that growth;
- changes in technology standards in the digital television broadcasting industry and our ability to adapt to these changes;

our expectations regarding demand for our products and services;

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- our ability to expand our production, our sales and distribution network and other aspects of our operations;
 - expected changes in our revenues and certain cost and expense items;
- our ability to effectively protect our intellectual property rights and not infringe on the intellectual property rights of others;
 - our belief regarding the competitiveness of our products and services;
 - competition in the CA systems market;
- government policies and regulations relating to the digital television broadcasting industry, the CA systems industry and other areas relevant to our business activities;
 - any significant changes to the PRC government's digitalization program;
 - general economic and business conditions in the PRC;
 - our future business development and economic performance; and
 - our use of proceeds.

These forward-looking statements involve various risks and uncertainties. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in "Item 3. Key Information—D. Risk Factors" and the following:

- general economic and business conditions in the PRC and elsewhere;
- governmental, statutory, regulatory or administrative initiatives affecting us;
- trends in the PRC's digital television broadcasting industry, including progress of digitalization in the PRC and the growth of digital television network operators;
 - future profitability of our operations;
 - exchange rate fluctuations between the Renminbi and other currencies; and
 - the availability of qualified management and technical personnel.

Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this annual report might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or otherwise revise the forward-looking statements in this annual report, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

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Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information**A. Selected Financial Data****Our Selected Consolidated Financial Data**

The following selected consolidated financial data should be read in conjunction with our audited historical consolidated financial statements, the notes thereto and “Item 5. Operating and Financial Review and Prospects.” The selected consolidated statement of operations data for the years ended December 31, 2005, 2006 and 2007, and the selected consolidated balance sheet data as of December 31, 2006 and 2007 set forth below are derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated statement of operations data for the year ended December 31, 2004 and the selected historical consolidated balance sheet data as of December 31, 2004 and 2005 set forth below are derived from our audited consolidated financial statements which are not included in this annual report.

Selected consolidated financial information as of December 31, 2003 and for the year ended December 31, 2003 has been omitted because such information could not be provided without unreasonable effort or expense.

Our audited historical consolidated financial statements have been prepared and presented in accordance with US GAAP.

Our historical results for any prior period do not necessarily indicate our results to be expected for any future period.

	Years ended December 31,			
	2004^(a)	2005	2006	2007
	(in thousands of U.S. dollars, except share and per share data)			
Consolidated Statements of Operations Data:				
Revenues				
Products	\$ 1,388	\$ 9,291	\$ 26,443	\$ 49,741
Services	2,300	3,855	4,182	6,011
	3,688	13,146	30,625	55,752
Business tax	(61)	(60)	(225)	(299)
Net revenues	3,627	13,086	30,370	55,453
Cost of revenues				
Products	458	1,936	4,726	8,100
Services	1,339	1,967	1,859	2,135
	1,797	3,903	6,585	10,235
Gross profit	1,830	9,183	23,785	45,218
Total operating expenses	3,019	3,830	5,297	12,107
(Loss)/ income from operations	(1,189)	5,353	18,488	33,111
Interest income	12	117	279	2,790
Impairment of long-term investment	(358)	—	—	—
Other income	—	—	—	263
Recognition of the change in the fair value of the warrant	(472)	(18)	(5,406)	—

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(Loss)/ income before income taxes	(2,007)	5,452	13,361	36,164
Income tax	21	66	59	(2,342)
(Loss)/ income before minority interest	(1,986)	5,518	13,420	33,822

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Years ended December 31,

2004^(a) 2005 2006 2007
(in thousands of U.S. dollars, except share and per share data)

Minority interest	1,319	975	430	—
Net (loss)/ income	(3,305)	4,543	12,990	33,816
Deemed dividend to preferred shareholder at issuance	(7,427)	—	—	—
Cash dividend to preferred shareholder	—	—	(5,731)	—
Net (loss)/ income attributable to holders of ordinary shares	\$ (10,732)	\$ 4,543	\$ 7,259	\$ 33,816

Earnings per share data:

Net (loss)/ income per share—basic ordinary shares	\$ (0.36)	\$ 0.11	\$ 0.24	\$ 0.74
Net income per share—basic participating preferred shares	1.32	0.11	0.54	0.66
Net (loss)/ income per ordinary share—diluted	\$ (0.36)	\$ 0.11	\$ 0.21	\$ 0.68
Weighted average shares used in calculating basic net (loss)/ income per share—ordinary shares	30,000,000	30,000,000	30,488,889	39,170,004
Weighted average shares used in calculating basic net income per share—preferred shares	5,638,889	10,000,000	10,519,120	7,389,394
Weighted average shares used in calculating basic net (loss)/ income per share	30,000,000	30,000,000	34,225,321	42,773,590

Consolidated Balance Sheet Data:

Cash and cash equivalents	\$ 5,278	\$ 8,272	\$ 21,137	\$ 228,958
Total assets	9,545	16,217	33,505	263,735
Total liabilities	5,585	6,362	21,564	11,884
Minority interest	1,969	2,944	4,000	4,000
Series A convertible redeemable preferred shares	12,000	12,000	16,078	—
Total shareholders' (deficiency)/ equity	(10,009)	(5,089)	(8,137)	247,851
Total liabilities, minority interest, Series A convertible redeemable preferred shares and shareholders equity	\$ 9,545	\$ 16,217	\$ 33,505	\$ 263,735

(a) The consolidated statements of operations data for the year ended December 31, 2004 also include the results of operations of the smart card and CA systems business of N-T Information Engineering through June 7, 2004, on which date such business was transferred to N-S Digital TV, our variable interest entity.

Exchange Rate Information

We present our historical consolidated financial statements in U.S. dollars. In addition, solely for the convenience of the reader, certain pricing information is presented in U.S. dollars and certain contractual amounts that are in Renminbi include a U.S. dollar equivalent. Except as otherwise specified, this pricing information and these contractual amounts are translated at \$1.00 to RMB7.2946, the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2007. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes controls over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

On June 16, 2008, the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York was RMB6.8911 to \$1.00. The following table sets forth additional information concerning exchange rates between Renminbi and U.S. dollars for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this annual report or will use in the preparation of our periodic reports or any other information to be provided to you.

Period	Period End	RMB per \$1.00 Noon Buying Rate		
		Average ⁽¹⁾	Low	High
2003	8.2769	8.2770	8.2272	8.2800
2004	8.2765	8.2768	8.2764	8.2774
2005	8.0702	8.1940	8.0702	8.2765
2006	7.8041	7.9723	7.8041	8.0702
2007	7.2946	7.6072	7.2946	7.8127
December	7.2946	7.3680	7.2946	7.4120
2008				
January	7.1818	7.2405	7.1818	7.2946
February				