

Differences between Cayman Islands and NYSE Corporate Governance Practices

As China Digital TV's American depositary shares are registered with the U.S. Securities and Exchange Commission ("SEC") and are listed on the New York Stock Exchange ("NYSE"), China Digital TV is subject to corporate governance requirements imposed by both the SEC and the NYSE.

China Digital TV is incorporated in the Cayman Islands. Under Section 303A of the NYSE Listed Company Manual, NYSE-listed non-U.S. companies may, in general, follow their home country corporate governance practices in lieu of some of the NYSE corporate governance requirements. A NYSE-listed non-U.S. company is required to provide a general summary of the significant differences to its U.S. investors either on the company website or its annual report distributed to its U.S. investors. There are two significant differences with China Digital TV's corporate governance policies as compared to what the NYSE requires of domestic listed companies.

Difference 1.

We currently only have two members on our audit committee and we no longer comply with Section 303A.07 of the NYSE Listed Company Manual, which, among others, requires a listed company to have an audit committee that has a minimum of three members. As a foreign private issuer, we are permitted to follow home country practice in lieu of such requirements pursuant to Section 303A.00 of the NYSE Listed Company Manual. The corporate governance practice in our home country, the Cayman Islands, does not require companies to have a minimum number of members on the audit committee.

Difference 2.

We currently do not have a compensation committee and we no longer comply with Section 303A.05 of the NYSE Listed Company Manual, which, among others, requires a listed company to have a compensation committee composed entirely of independent directors. However, Songzuo Xiang, one of our independent directors, currently assists the board in reviewing and approving our compensation structure, including all forms of compensation relating to our directors and executive officers, and administering our stock incentive plans. While we expect to appoint other independent directors to establish a compensation committee to meet the relevant NYSE requirements in the near future, as a foreign private issuer, we are permitted to follow home country practice in lieu of such requirements pursuant to Section 303A.00 of the NYSE Listed Company Manual. The corporate governance practice in our home country, the Cayman Islands, does not require companies to have a compensation committee.

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