



Digital Video Systems, Inc.

For Immediate Release

DVS KOREA RECEIVES \$6.6 MILLION ORDER FOR DVD+RW LOADERS

PALO ALTO, CA., December 3, 2003 - Digital Video Systems, Inc. (DVS/Nasdaq:DVID) today announced that its Korean subsidiary, Digital Video Systems Korea (DVSK) will start shipping DVD+RW loaders under a \$6.6 million dollar contract with Shenzhen Hongxinli Industries Co., Ltd. (HXL). Shipments under the HXL contract are scheduled to begin in December and are expected to be completed before the end of February 2004.

DVSK CEO Dr. Song Sim said, "Unlike loaders used for DVD players, DVD+RW loader technology is not widely available in the marketplace. We estimate that the DVD recorder market may grow to five times the current volume, or as much as 12 million units in 2004, which we see as a big opportunity for the Company. As many as 20 important Chinese DVD player manufacturers have developed DVD recorders and most will have DVD recorders entering production within the next few months.

"Our sales and marketing goal is to supply DVD+RW loaders to the majority of these OEM's," Dr. Sim continued, "and we hope to achieve this goal. If we meet our expected sales targets and ramp up DVD+RW loader production in the coming months, we expect that our volume of +RW loaders in 2004 could approach a maximum of 2 million units."

HXL is a supplier of consumer electronics to the Chinese domestic market and for export. The DVSK model DRL-100 DVD+RW loaders provide HXL with the key manufacturing component needed to extend its product line to home DVD recorders.

About the DVSK Loader

The new DRL-100 Recordable ATAPI DVD+RW loader incorporates proprietary DVS technology and is designed to offer highly accurate recording of digital media with low acoustic noise, superior resistance to shock, and patented error correction capabilities. The Company is confident that this new DVD+RW loader will be used as the key system component by a wide range of recorder/player suppliers.

The DVD+RW loader is manufactured at the DVS/DVSK joint venture, Shanghai Fangyan Digital Technology Co. Ltd., (SFDT), in Shanghai, China.

About Digital Video Systems, Inc.

Established in 1992, DVS is a publicly held company specializing in the development and application of digital video technologies enabling the convergence of data, digital audio, digital video and high-end graphics. DVS is headquartered in Palo Alto, California, with subsidiaries and branch offices in South Korea, China and India.

About DVS Korea

DVS Korea Co., Ltd. was established in 1998 following the acquisition by DVS of the DVD operations of Hyundai Electronics. Assets acquired included the management and R&D team, manufacturing equipment and capabilities, patents, and a perpetual, worldwide, royalty-free, exclusive license to all DVD-related intellectual properties of Hyundai Electronics. In 2002, DVS Korea began trading on the Korean Stock Exchange (KOSDAQ) as DVS. DVS Korea is currently a leading provider in the worldwide external DVD loader market with an estimated 20% market share.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Any statements made in this release that are not historical facts contain forward-looking information that involves risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding the estimated growth of the DVD recorder market, our sales and marketing goals, our ability to supply OEMs, the anticipated volume of +RW loaders, the strategic direction of DVS and DVS Korea, DVS's new products and development efforts, our expected margins, profitability and market position. Important factors that may cause actual results to differ include, but are not limited to, the timely availability of components, sufficiency of working capital, the impact of competitive products and services, the company's ability to manage growth and acquisitions of technology or businesses, the effect of economic and business conditions, and other risks detailed from time to time in the company's filings with the Securities and Exchange Commission. Digital Video Systems, Inc. assumes no obligation to update these forward-looking statements, and does not intend to do so.

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