



China Data Broadcasting Holdings Limited
(中華數據廣播控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 8016)

SECOND QUARTERLY RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This announcement, for which the directors of China Data Broadcasting Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *for identification purposes only*

RESULTS

The board of directors (the “Board”) of China Data Broadcasting Holdings Limited (the “Company”) is pleased to announce the interim results of the Company and its subsidiaries (collectively the “Group”). The unaudited condensed interim accounts of the Group for the three months and six months ended 30 June 2011, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	For three months ended 30 June		For six months ended 30 June	
		2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover		734,659	624,132	1,159,021	1,206,253
Cost of sales		(724,281)	(614,920)	(1,142,874)	(1,184,796)
Gross profit		10,378	9,212	16,147	21,457
Other revenue		92	2,412	158	2,430
Administrative expenses		(3,945)	(2,874)	(7,649)	(5,597)
Distribution and selling expenses		(1,794)	(1,904)	(3,085)	(3,195)
Profit from operation		4,731	6,846	5,571	15,095
Finance cost		(2,003)	(686)	(2,923)	(1,902)
Profit before taxation	3	2,728	6,160	2,648	13,193
Taxation	4	(6)	–	(6)	(6)
Net profit after taxation		<u>2,722</u>	<u>6,160</u>	<u>2,642</u>	<u>13,187</u>
Profit per share					
Basic and diluted (HK cents)	5	<u>0.82</u>	<u>1.94</u>	<u>0.79</u>	<u>4.15</u>

CONSOLIDATED BALANCE SHEET

		30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		<u>413</u>	<u>391</u>
CURRENT ASSETS			
Trade receivables	6	50,343	55,038
Inventory		1,563	706
Trade deposits		48,999	123,373
Prepayments, deposits and other receivables		430	520
Amount due from related companies		114,501	140,345
Amount due from a substantial shareholder		34,266	129,562
Tax recoverable		–	1,229
Cash and bank balance		<u>115,003</u>	<u>48,880</u>
		<u>365,105</u>	<u>499,653</u>
CURRENT LIABILITIES			
Trade payables	7	84,284	86,813
Tax payable		6,216	4,928
Other payables and accruals		5,528	6,601
Customer deposit		32,796	30,133
Amount due to directors		5	41
Bank loan		–	132,277
Loan from a related company		38,750	155,000
Amount due to related companies		<u>155,997</u>	<u>52,986</u>
		<u>323,576</u>	<u>468,779</u>
NET CURRENT ASSETS		<u>41,529</u>	<u>30,874</u>
NET ASSET		<u><u>41,942</u></u>	<u><u>31,265</u></u>
CAPITAL AND RESERVES			
Issued capital		8,350	7,950
Reserves		<u>33,592</u>	<u>23,315</u>
		<u><u>41,942</u></u>	<u><u>31,265</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total equity at 1 January	31,265	14,064
Increase in share capital	400	—
Increase in share premium and reserve	7,635	—
Net profit for the period attributable to shareholders	<u>2,642</u>	<u>13,187</u>
Total equity at 30 June	<u><u>41,942</u></u>	<u><u>27,251</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS – UNAUDITED

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>174,486</u>	<u>80,341</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Share subscribed by related company	8,000	–
Purchase of fixed assets	<u>(113)</u>	<u>(16)</u>
Net cash inflow/(outflow) from investing activities	<u>7,887</u>	<u>(16)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to a bank	–	(205,258)
Repayment of loan to a related company	<u>(116,250)</u>	<u>93,000</u>
Net cash (outflow) from financing activities	<u>(116,250)</u>	<u>(112,258)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	66,123	(31,933)
Cash and cash equivalents at beginning of year	<u>48,880</u>	<u>205,446</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>115,003</u></u>	<u><u>73,513</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>115,003</u></u>	<u><u>73,513</u></u>

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated condensed interim accounts (the Interim Accounts) are prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 Interim Financial Reporting and the requirements of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the Listing Rules).

2. SEGMENT INFORMATION

The Group is currently organised into a single segment as trading of consumer electronic products and related parts and components, and all revenue, expense, results, assets and liabilities and capital expenditures are predominantly attributable to this single operating segment. Accordingly, no segment analysis by business and geographical information is presented.

(a) Geographical segments

The following is an analysis of the Group's sales by geographical location of customers:

	2011 HK\$'000	2010 HK\$'000
Hong Kong	69,718	59,614
People's Republic of China (PRC)	757,441	404,744
Asia	65,319	44,218
Europe	99,705	266,879
Australia	30,723	140,421
United States of America (USA)	–	3
South America	72,641	103,003
Africa	2,437	97,898
Middle East	61,037	89,473
	<u>1,159,021</u>	<u>1,206,253</u>

3. OPERATING PROFIT BEFORE TAX

The Group's operating profit before tax is arrived at after charging:

	2011 HK\$'000	2010 HK\$'000
Cost of inventories sold	1,142,874	1,184,796
Depreciation	<u>92</u>	<u>83</u>

4. TAX

Taxes of other jurisdiction have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the period ended 30 June 2011 (2010: Nil).

The Group has unused tax losses and other deductible temporary difference of approximately HKD23,457,000 and HKD529,000 respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

5. PROFIT PER SHARE

The calculation of basic profit per share for the three months and six months ended 30 June 2011 were based on the net profits attributable to shareholders of HK\$2,722,000 (2010: HK\$6,160,000) for the three months ended 30 June 2011 and the net profits attributable to shareholders of HK\$2,642,000 (2010: HK\$13,187,000) for the six months ended 30 June 2011 and on 334,000,000 (2010: 318,000,000) ordinary shares in issue during the three months and six months ended 30 June 2011.

No diluted earnings per share was presented as there was no potential ordinary shares in issue for both periods.

6. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months. Overdue balances are reviewed regularly by senior management. An aged analysis of the trade receivables as at the balance sheet date, based on invoice date, is as follows:

	2011 HK\$'000	2010 HK\$'000
Within 3 months	48,330	77,746
4 to 6 months	1,968	4,545
7 to 12 months	11	1,214
Over 1 year	34	—
	<u>50,343</u>	<u>83,505</u>

7. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	2011 HK\$'000	2010 HK\$'000
Within 3 months	58,898	54,236
4 to 6 months	25,236	(604)
7 to 12 months	38	15
Over 1 year	112	1,787
	<u>84,284</u>	<u>55,434</u>

8. CONTINGENT LIABILITIES

On 12 June 2006, Koninklijke Philips Electronics N.V. and United States Philips Corporation issued a writ of summons (Summons) to the United States District Court, Central District of California, against eight parties, including the Company, Apex Digital Inc. Limited and Apex Digital, LLC (subsidiaries of the Company), Mr. David Ji Long Fen ("Mr. Ji", an executive directors of the Company), Mr. Ancle Hsu Ann Keh (a former executive directors of the Company), Apex Digital Inc. ("Apex Digital", a former substantial shareholder which is wholly-owned by Mr. Ji), United Delta Inc. (a former beneficial shareholder) and an individual (collectively known as the "Defendants"). The Defendants were claimed damages for patent infringement for the distribution of unlicensed DVD products within the USA.

On 2 August 2007, a settlement has been reached between the plaintiffs and the defendants and the proceedings were dismissed without prejudice. Pursuant to the terms of the settlement, Apex Digital is to pay a total amount of US\$3,284,000 to the plaintiffs by installments. Subsequently, the Group has signed an agreement with Apex Digital that Apex Digital has agreed to bear all the payments and any legal and professional fees incurred. Up to 30 June 2011, Apex Digital has paid the amount of US\$2,300,000.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 30 June 2011 (2010: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's results for the period ended 30 June 2011 and has provided advice and comments thereon.

BUSINESS REVIEW

During the period, the Group engaged in trading business in the consumer electronic industry (the "Trading Business"). A stable operating results for the six months ended 30 June 2011 has achieved, the Group has accomplished a revenue of approximately HK\$1,159.02 million and a net profit of approximately HK\$2.64 million.

The Company raised a legal suit on 17 October 2008 at Shanghai in PRC against Apex Digital (Shanghai) Co., Limited (a subsidiary of former substantial shareholder, Apex Digital) for the collection of the repayment of approximately HK\$6,640,000 which happened by the end of year 2006. On 17 April 2009, the suit has been trailed by the court ordering Apex Digital (Shanghai) Co. Limited repay the said amount. Up to the date of this announcement, no actual progress has been made in the collection of the repayment.

In addition, after continuing efforts by the Company, the service deposit of approximately HK\$2,496,000 owed by Ms. Fei Liqiong (an American) has been partially set off in November 2010.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial and liquidity positions are healthy and stable. As at 30 June 2011, the Group's total bank and other interest-bearing borrowings amounted to HK\$38.75 million and its cash and bank balances amounted to HK\$115.00 million. Net current assets of the Group was approximately HK\$41.53 million. The management is confident that the Group's financial resources sufficient to finance the daily operation.

The Group's monetary assets and liabilities and transactions are principally denominated in Hong Kong dollars and United States dollars. As the exchange rate between Hong Kong dollars and United States dollars is pegged, the Group believes its exposure to exchange risk to be minimal.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2011, the total number of the Group's staff was 19. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund.

OUTLOOK

As the Company has established stable clientele bases of suppliers and customers, and the global economy is recovering. The Company is confident that the Trading Business in the consumer electronic industry will build up a steady and considerable income stream of the Group. The management will put more efforts to explore further business opportunities in this industry, such as trading of finished goods/parts and components of televisions, set top boxes, fridges, notebooks and other products. The Board believes that the business will keep on the track and will continue to improve in the near future.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF THE DIRECTORS IN THE COMPANY

As at 30 June 2011, the interests and short positions of the Directors in the ordinary Shares of the Company (the “Shares”), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares

Name of Director	Number of Shares	Capacity	Type of Interest	Approximate percentage of interest %
Mr. Ji	44,520,000	Beneficial owner	Personal	13.33

Save as disclosed in this paragraph, as at 30 June 2011, none of the Directors had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

As at 30 June 2011, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long positions in Shares

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of interest %
Sichuan Changhong Electric Co., Limited (“Changhong”) and its subsidiary (<i>note (a)</i>)	Directly beneficially owned	111,368,000	33.34
Sichuan Investment Management Company Limited	Directly beneficially owned	83,009,340	24.85
Mr. Ji	Directly beneficially owned	44,520,000	13.33
Ms. Liu Ru Ying (<i>note (b)</i>)	Through spouse	44,520,000	13.33

Notes

- (a) On 11 May 2011, Changhong (Hong Kong) Trading Limited (ie. subsidiary of Changhong) subscribed 16,000,000 shares of the Company.
- (b) Ms. Liu Ru Ying is the spouse of Mr. Ji and, under Section 316 of the SFO, is therefore deemed to be interested in all 44,520,000 shares in which Mr. Ji is interested.

Save as disclosed in this paragraph, as at 30 June 2011, the Directors were not aware of any other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTEREST

Apex Digital is wholly owned by Mr. Ji from 10 April 2006. Apex Digital is principally engaged in the wholesaling business of consumer home electronics items under the name of “APEX Digital”.

Changhong is a substantial shareholder of the Company which incorporated in the PRC and is listed in PRC Stock Exchange. Changhong is principally engaged in the wholesaling business of consumer home electronics items under the name of “Changhong”.

Save as disclosed in this paragraph, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

COMPLIANCE WITH CODE OF BEST PRACTICE

To the best knowledge of the Board, the Company had complied with the Code of Best Practice as set out in Appendix 15 of the GEM Listing Rules.

By Order of the Board

Yu Xiao

Chairman

Hong Kong, 4 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. David Ji Long Fen, Mr. Yu Xiao, Mr. Tang Yun, Mr. Wu Xiangtao, Mr. Xiang Chao Yang, Mr. Wang Zhenhua, Mr. Rong Dong and Ms. Shi Ping and the independent non-executive directors of the Company are Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung and Mr. Sun Dongfeng.

This announcement will appear on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the day of its posting thereon and on the website of the Company at <http://www.cdb-holdings.com.hk>.