



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 2012

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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 GEM of the Stock Exchange (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*

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of China Data Broadcasting Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2012 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	<i>Note</i>	For three months ended 30 June		For six months ended 30 June	
		2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Turnover		757,881	734,659	1,284,221	1,159,021
Cost of sales		<u>(747,953)</u>	<u>(724,281)</u>	<u>(1,266,619)</u>	<u>(1,142,874)</u>
Gross profit		9,928	10,378	17,602	16,147
Other income		83	92	156	158
Administrative expenses		<u>(7,666)</u>	<u>(3,945)</u>	<u>(13,134)</u>	<u>(7,649)</u>
Distribution and selling expenses		<u>(2,004)</u>	<u>(1,794)</u>	<u>(3,930)</u>	<u>(3,085)</u>
Profit from operation	3	341	4,731	694	5,571
Finance cost		<u>(2,166)</u>	<u>(2,003)</u>	<u>(3,013)</u>	<u>(2,923)</u>
(Losses)/Profit before taxation		<u>(1,825)</u>	2,728	<u>(2,319)</u>	2,648
Income tax expense	4	<u>–</u>	<u>(6)</u>	<u>–</u>	<u>(6)</u>
(Losses)/Profit and total comprehensive income for the period attributed to owners of the Company		<u><u>(1,825)</u></u>	<u><u>2,722</u></u>	<u><u>(2,319)</u></u>	<u><u>2,642</u></u>
(Losses)/Profit per share Basic and diluted (HK cents)	5	<u><u>(0.55)</u></u>	<u><u>0.82</u></u>	<u><u>(0.69)</u></u>	<u><u>0.79</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Fixed assets		<u>310</u>	<u>394</u>
CURRENT ASSETS			
Trade receivables	6	100,214	18,425
Inventory		630	–
Trade deposits		84,507	47,399
Prepayments, deposits and other receivables		578	594
Amount due from related companies		147,146	275,749
Tax recoverable		–	230
Cash and bank balance		<u>176,196</u>	<u>75,355</u>
		<u>509,271</u>	<u>417,752</u>
CURRENT LIABILITIES			
Trade payables	7	70,369	73,268
Tax payable		7,210	4,928
Other payables and accruals		6,449	4,034
Customer deposit		55,012	52,339
Amount due to directors		5	5
Amount due from a substantial shareholder		77,143	105,414
Bank loan		–	55,765
Loan from a related company		38,750	38,750
Amount due to related companies		<u>208,871</u>	<u>35,552</u>
		<u>463,809</u>	<u>370,055</u>
NET CURRENT ASSETS		<u>45,462</u>	<u>47,697</u>
NET ASSET		<u><u>45,772</u></u>	<u><u>48,091</u></u>
CAPITAL AND RESERVES			
Issued capital		8,350	8,350
Reserves		<u>37,422</u>	<u>39,741</u>
		<u><u>45,772</u></u>	<u><u>48,091</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	For the six months	
	ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total equity at 1 January	48,091	31,265
Increase in share capital	–	400
Increase in share premium and reserve	–	7,635
Net (losses)/profit for the period attributable to shareholders	<u>(2,319)</u>	<u>2,642</u>
Total equity at 30 June	<u><u>45,772</u></u>	<u><u>41,942</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW – UNAUDITED

	For the six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>156,618</u>	<u>174,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Share subscribed by related company	–	8,000
Purchase of fixed assets	<u>(12)</u>	<u>(113)</u>
Net cash (outflow)/inflow from investing activities	<u>(12)</u>	<u>7,887</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to a related company	<u>(55,765)</u>	<u>(116,250)</u>
Net cash (outflow) from financing activities	<u>(55,765)</u>	<u>(116,250)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,841	66,123
Cash and cash equivalents at beginning of year	<u>75,355</u>	<u>48,880</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>176,196</u>	<u>115,003</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>176,196</u>	<u>115,003</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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 is presented.

(a) Geographical segments

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Hong Kong	51,317	69,718
People's Republic of China (PRC)	771,481	757,441
Asia	83,842	65,319
Europe	218,283	99,705
Australia	15,018	30,723
South America	73,177	72,641
Africa	44,779	2,437
Middle East	26,324	61,037
	<u>1,284,221</u>	<u>1,159,021</u>

3. PROFIT FROM OPERATION

The Group's profit from operation is arrived at after charging/(crediting):

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cost of inventories sold	1,266,619	1,142,874
Depreciation	96	92
Staff cost including directors' emolument		
– Salary and related staff cost	5,254	4,336
– Retirement benefits scheme contribution	72	79
Exchange (gain)/loss, net	<u>(261,506)</u>	<u>391</u>

4. INCOME TAX EXPENSE

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% (2011: 16.5%) of the estimated assessable profit for the period ended 30 June 2012 (2010: Nil).

The Group has unused tax losses and other deductible temporary difference of approximately HKD24,032,000 and HKD614,000 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. (LOSSES)/PROFIT PER SHARE

The calculation of basic losses per share for the three months and six months ended 30 June 2012 were based on the net losses attributable to shareholders of HK\$1,825,000 (2011 profit: HK\$2,722,000) for the three months ended 30 June 2012 and the net losses attributable to shareholders of HK\$2,319,000 (2011 profit: HK\$2,642,000) for the six months ended 30 June 2012 and on 334,000,000 (2011: 334,000,000) ordinary shares in issue during the three months and six months ended 30 June 2012.

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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 3 months	85,090	48,330
4 to 6 months	14,054	1,968
7 to 12 months	1,070	11
Over 1 year	—	34
	<u>100,214</u>	<u>50,343</u>

7. TRADE PAYABLES

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 3 months	68,710	58,898
4 to 6 months	299	25,236
7 to 12 months	1,247	38
Over 1 year	113	112
	<u>70,368</u>	<u>84,284</u>

8. CONTINGENT LIABILITIES

On 12 June 2006, Koninklijke Philips Electronics N.V. and United States Philips Corporation issued a writ of 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 director of the Company), Mr. Anle Hsu Ann Keh (a former executive director 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 United States of America.

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 2012, 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 2012 (2011: Nil).

BUSINESS REVIEW

During the period, the Group engaged in trading business in the consumer electronic industry (the “Trading Business”). A fair operating results for the six months ended 30 June 2012 has achieved, the Group has accomplished a revenue of approximately HK\$1,284.22 million and a net losses of approximately HK\$2.32 million. The loss was due to the payment of professional fee for acquisition project.

On 28 March 2012, the Company has entered into an acquisition agreement with a vendor to purchase a British Virgin Island company. Details of the acquisition was available on the website of the Stock Exchange and the Company which was published on 23rd April 2012.

OUTLOOK

As the Company has established stable clientele bases of suppliers and customers, and the financial position of the Group are continuously improving, the Company is confident that the Trading Business in the consumer electronic industry will build up a steady and considerable income stream for the Group. The management will put more efforts to explore further business opportunities in related industry and will look for suitable investment opportunities in an active but cautious manner to broaden the Group’s business. The Board believes that the business will keep on the track and will continue to improve in the near future. The Group’s commitment is to create value for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s financial and liquidity positions are healthy and stable. As at 30 June 2012, 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\$176.20 million. Net current assets of the Group was approximately HK\$45.46 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 2012, 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.

CORPORATE GOVERNANCE

Save from the code provision set out in the Code on Corporate Governance Practices (the “CCGP”) as contained in Appendix 15 to the GEM Listing Rules, the Company had, during the period under review, complied with the CCGP. An explanation for any deviation is adhered.

AUDIT COMMITTEE

The primary responsibilities of the Committee are to review and supervise the financial reporting process and internal control system of the Group. The members are Mr. Chan Ming Sun, Jonathan (Chairman), Mr. Ip Chun Chung, Robert and Mr. Sun Dongfeng.

The Audit Committee has reviewed the Group’s results for the period ended 30 June 2012 and has provided advice and comments thereon.

REMUNERATION COMMITTEE

The primary responsibilities of the Committee are to review and make recommendation for the remuneration policy of the director and senior management. The members are Mr. Chan Ming Sun, Jonathan (Chairman), Mr. Ip Chun Chung, Robert, Mr. Sun Dongfeng and Mr. Yu Xiao.

NOMINATION COMMITTEE

The primary responsibilities of the Committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of directors and board succession. The members are Mr. Yu Xiao (Chairman), Mr. Ip Chun Chung, Robert, Mr. Sun Dongfeng and Mr. Chan Ming Sun, Jonathan.

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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has complied with the Code of Practice for Securities Transaction by directors and Designated Employees (the “Securities Code”) on terms no less exacting than the required standard of dealings set out Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors who have confirmed their compliance with the required standard set out in the Securities Code during the period.

INTERESTS OF THE DIRECTORS IN THE COMPANY

As at 30 June 2012, 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	Type of Capacity	Interest	percentage of interest %
Mr. Ji	22,260,000	Beneficial owner	Personal	6.67

Notes:

- (a) On 20/1/2012, Mr. Ji sold 22,260,000 shares to Mr. Yu Shaobo, therefore his interest decreased to 6.67%.

Save as disclosed in this paragraph, as at 30 June 2012, 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 2012, 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	Directly beneficially owned	111,368,000	33.34
Sichuan Investment Management Company Limited	Directly beneficially owned	83,009,340	24.85
Mr. Ji (<i>note (a)</i>)	Directly beneficially owned	22,260,000	6.67
Ms. Liu Ru Ying (<i>note (b)</i>)	Through spouse	22,260,000	6.67
Mr. Yu Shaobo	Directly beneficially owned	22,260,000	6.67

Notes:

- (a) On 20/1/2012, Mr. Ji sold 22,260,000 shares to Mr. Yu Shaobo, therefore his interest decreased to 6.67%.
- (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 22,260,000 shares in which Mr. Ji is interested.

Save as disclosed in this paragraph, as at 30 June 2012, 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.

By Order of the Board

Yu Xiao

Chairman

Hong Kong, 9 August 2012

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. 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 remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at <http://www.cdb-holdings.com.hk>.