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**CHINA DATA
BROADCASTING**

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)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of China Data Broadcasting Holdings Limited (the “**Company**”) dated 20 November 2009 and circular of the Company dated 10 December 2009 in respect of the continuing connected transactions detailed therein.

References are also made to the announcement of the Company dated 23 April 2012 (the “**Announcement**”) in relation to, among other things, the proposed Acquisition, reverse takeover involving a new listing application, continuing connected transaction and the Whitewash Waiver.

On 7 December 2012, the Company and Sichuan Changhong entered into the new master supply agreement in relation to the supply of certain consumer electronic products, IT products and electronic parts and components by the Enlarged Group to the Sichuan Changhong Group on an ongoing basis (the “**New Master Supply Agreement**”) and the new master purchase agreement in relation to the purchase of certain electronic products by the Enlarged Group from the Sichuan Changhong on an ongoing basis (the “**New Master Purchase Agreement**”, together with the New Master Supply Agreement, the “**Framework Agreements**”).

* *For identification purposes only*

In respect of the transactions under the New Master Supply Agreement and the New Master Purchase Agreement, as each of the applicable percentage ratios for the respective annual caps for 2013, 2014 and 2015 does not fall under the exemption in Rules 20.33 and 20.34 of the GEM Listing Rules, the transactions under each of the New Master Supply Agreement and New Master Purchase Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

An Independent Board Committee has been formed to make recommendations to the Independent Shareholders in respect of the transactions contemplated under the Framework Agreements.

A circular containing, among other things, further details of the transactions contemplated under each of the New Master Supply Agreement and the New Master Purchase Agreement and the related proposed annual caps, a letter from the independent committee of the Board, comprising all the independent non-executive Directors (the "Independent Board Committee"), the recommendations of the independent financial adviser to the Independent Board Committee and Independent Shareholders (the "Independent Financial Adviser"), together with a notice of the SGM will be despatched to the Shareholders on or before 31 December 2012.

Unless the context requires otherwise, terms defined in the Announcement have the same meanings when used in this announcement unless otherwise stated.

EXISTING CONTINUING CONNECTED TRANSACTIONS

As disclosed in the announcement of the Company dated 20 November 2009 and circular of the Company dated 10 December 2009, the Company entered into the master purchase agreement dated 20 November 2009 in relation to the purchase of certain consumer electronic products by the Group from Sichuan Changhong and its subsidiaries on an ongoing basis (the "**Existing Master Purchase Agreement**") and the master supply agreement dated 20 November 2009 in relation to the supply of certain electronic components and parts by the Group to Sichuan Changhong and its subsidiaries on an ongoing basis (the "**Existing Master Supply Agreement**") for the supply and purchase of various electronic components and products between the Company and Sichuan Changhong (collectively, the "**Existing Agreements**"). The Existing Agreements will expire on 31 December 2012.

As disclosed in the Announcement, upon completion of the Acquisition, members of the Target Group will become subsidiaries of the Company. The Target Group has historically been involved and will continue to be involved in transactions with the Sichuan Changhong Group. On-going provision of sale and purchase of products are expected to continue to take place between certain members of the Sichuan Changhong Group and the Enlarged Group (including the Target Group) which will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules as Sichuan Changhong is and will continue to be a connected person of the Company upon completion of the Acquisition.

The Company has entered into the New Master Supply Agreement and New Master Purchase Agreement with Sichuan Changhong in order to set out the basis upon which members of the Enlarged Group will, after completion of the Acquisition, continue to engage in transactions with the Sichuan Changhong Group as part of the Enlarged Group's business. The Framework Agreements shall replace the Existing Agreements with effect from the date of completion of the Acquisition.

Transaction	Historical transaction figures			
	For the year ended 31	For the year ended 31	For the year ended 31	For seven months ended
	December 2009	December 2010	December 2011	31 July 2012
Supply of the Target Group Supply Products	HK\$12,958,000	HK\$23,305,000	HK\$18,598,000	HK\$26,946,000
Supply of the Group Supply Products	HK\$1,776,680,000	HK\$1,553,588,000	HK\$1,991,262,000	HK\$987,076,000

Transaction	Historical transaction figures			
	For the year ended 31	For the year ended 31	For the year ended 31	For seven months ended 31 July
	December 2009	December 2010	December 2011	2012
Purchase of the Target Group Purchase Products	HK\$4,570,000	HK\$4,121,000	HK\$495,000	HK\$19,000
Purchase of the Group Purchase Products	HK\$1,160,050,000	HK\$1,323,062,000	HK\$924,262,000	HK\$492,387,000

NEW CONTINUING CONNECTED TRANSACTIONS

NEW MASTER SUPPLY AGREEMENT

The Target Group has, in the ordinary and usual course of its business, supplied various consumer electronic products and IT products such as servers, notebooks, storage devices and network equipment (the “**Target Group Supply Products**”) to certain members of the Sichuan Changhong Group.

The Group has also, in the ordinary and usual course of its business, supplied electronic products and components such as LCD screens, PDP screens, integrated circuits, cathode ray tubes, voltage regulators, plugs and sockets etc. (the “**Group Supply Products**”) to the Sichuan Changhong Group under the Existing Master Supply Agreement.

In order to regulate the relationship between the Enlarged Group and the Sichuan Changhong Group with respect to the supply of products by the Enlarged Group to the Sichuan Changhong Group in the future after completion of the Acquisition, the Company and Sichuan Changhong have entered into the New Master Supply Agreement.

The New Master Supply Agreement shall replace the Existing Master Supply Agreement (with effect from date of completion of the Acquisition) and prescribes the framework terms upon which the Company shall and shall procure the relevant members of the Enlarged Group to provide, and Sichuan Changhong shall and shall procure the relevant members of the Sichuan Changhong Group to purchase the Target Group Supply Products and the Group Supply Products (collectively, referred to as the “**Enlarged Group Supply Products**”) and such other products as the Company and Sichuan Changhong may agree from time to time commencing on the date of completion of the Acquisition and ending on 31 December 2015.

Key Terms of the New Master Supply Agreement

Date:	7 December 2012
Parties:	(i) Sichuan Changhong as the purchaser (for itself and on behalf of certain subsidiaries) (ii) The Company as the supplier (for itself and on behalf of certain members of the Enlarged Group)
Subject:	The Enlarged Group Supply Products
Term:	With effect from completion of the Acquisition to 31 December 2015
Price:	Terms of supply of the Enlarged Group Supply Products shall be determined and negotiated based on normal commercial terms and with reference to the prevailing fair market prices of comparable products, and such prices shall be no less favourable to the Enlarged Group than that available from third parties.
Payment Terms:	Depending on the products to be supplied and volume and time of delivery for each transaction, it is generally expected that payment shall be made by telegraphic transfer within 35 to 45 days from the date of delivery or irrevocable letter of credit.

There is no minimum orders and it is not necessary for the Enlarged Group to supply the Sichuan Changhong Group products unless order are made by members of the Sichuan Changhong Group.

Proposed Annual Caps and the Basis of Determination

The proposed aggregate annual value of the transactions contemplated under the New Master Supply Agreement for the three years ending 31 December 2013, 2014 and 2015 will not exceed HK\$2,431,931,000, HK\$2,675,124,000 and HK\$2,942,637,000 respectively.

The proposed aggregate annual caps for 2013, 2014 and 2015 for the supply of the Enlarged Group Supply Products have been determined with reference to: (i) the total historical amount of HK\$2,009,860,000 for the year ended 31 December 2011 in respect of the supply of Enlarged Group Supply Products from the Enlarged Group to the Sichuan Changhong Group; (ii) the historical transactions conducted and transaction amounts in respect of the Target Group's and the Group's supply of products to the Sichuan Changhong Group; (iii) the decrease in the total supply of the Enlarged Group Supply Products from the Target Group and the Group to the Sichuan Changhong Group from 2009 to 2010 at approximately 11.9% and the increase in the total supply of the Enlarged Group Supply Products from the Target Group and the Group to the Sichuan Changhong Group from 2010 to 2011 at approximately 27.5%; (iv) the Target Group's estimated approximate 10% year-on-year increase in annual sales of IT products to the Sichuan Changhong Group based on the Sichuan Changhong Group's expected needs and projected increase in revenue and growth of its business in view of the increase in demand and the expansion of customer base in the consumer electronics and IT products markets in the PRC; (v) the value of the actual supply by the Group to the Sichuan Changhong Group in 2010 and 2011 under the Existing Master Supply Agreement in the amount of approximately HK\$1,553,588,000 and HK\$1,991,262,000 respectively; and (vi) the anticipated increase in demand by the Sichuan Changhong Group assuming that the supply of electronic components and products to the Sichuan Changhong Group by the Enlarged Group in the three years ending 31 December 2015 will have an increase of approximately 10% per year.

The annual caps for 2013, 2014 and 2015 under the New Master Supply Agreement represent an decrease of 3.83% and an increase of 5.78% and 16.36% respectively as compared with the annual cap for 2012 under the Existing Master Supply Agreement as it takes into account the actual supply to Sichuan Changhong Group by the Group in the year ended 31 December 2011 and the projected value of transactions of the Target Group with respect to the supply of the Target Group Supply Products to the Sichuan Changhong Group for the 3 years ending 31 December 2015 upon completion of the Acquisition.

Reasons for entering into the New Master Supply Agreement

The Sichuan Changhong Group is currently one of the largest PRC consumer electronics products providers specialising in research and development, manufacturing and marketing of consumer electronic products. As of 31 December 2011, the Sichuan Changhong Group imported more than US\$1 billion worth of electronic parts and components from overseas via independent agents, and purchased more than HK\$20 million worth of IT products from other independent suppliers (after deduction of such purchases made by the Target Group). The Enlarged Group has established long term and solid relationships with various suppliers of products that are required by the Sichuan Changhong Group.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of an independent financial adviser) are of the view that the New Master Supply Agreement has been entered into on normal commercial terms and in the ordinary

course of business of the Enlarged Group, and that the terms of the New Master Supply Agreement (together with the aggregate annual caps for 2013, 2014 and 2015) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

NEW MASTER PURCHASE AGREEMENT

The Target Group has in the ordinary and usual course of its business purchased from the Sichuan Changhong Group consumer electronic products and LBS Products manufactured at its specific request from time to time as part of its own-brand products division of its business (the “**Target Group Purchase Products**”) for sales in the PRC.

The Group has also in the ordinary and usual course of its business purchased certain consumer electronic products such as televisions, air-conditioners and fridges (the “**Group Purchase Products**”) from the Sichuan Changhong Group under the Existing Master Purchase Agreement.

In order to regulate the relationship between the Enlarged Group and the Sichuan Changhong Group with respect to the purchase of products by members of the Enlarged Group from members of the Sichuan Changhong Group in the future after completion of the Acquisition, the Company and Sichuan Changhong have entered into the New Master Purchase Agreement.

The New Master Purchase Agreement shall replace the Existing Master Purchase Agreement (with effect from date of completion of the Acquisition) and prescribes the framework terms upon which Sichuan Changhong shall and shall procure the relevant members of the Sichuan Changhong Group to provide, and the Company shall and shall procure the relevant members of the Enlarged Group (which includes Changhong IT) to purchase the Target Group Purchase Products and the Group Purchase Products (collectively, referred to as the “**Enlarged Group Purchase Products**”) and such other products as the Company and Sichuan Changhong may agree from time to time commencing on the date of completion of the Acquisition and ending on 31 December 2015.

Key terms of the New Master Purchase Agreement

Date:	7 December 2012
Parties:	(i) Sichuan Changhong as the supplier (for itself and on behalf of certain members of the Sichuan Changhong Group); and (ii) The Company as the purchaser (for itself and on behalf of certain members of the Enlarged Group)
Subject:	The Enlarged Group Purchase Products
Term:	With effect from completion of the Acquisition to 31 December 2015

Price: Terms of purchase of the Enlarged Group Purchase Products shall be determined and negotiated based on normal commercial terms and with reference to the prevailing fair market prices of comparable products, and such prices shall be no less favourable to the Enlarged Group than that available from third parties.

Payment Terms: Depending on the products to be purchased and volume and time of delivery for each transaction, it generally expected that payment shall be made by telegraphic transfer within 35 to 45 days from the date of delivery or by transferable letter of credit.

Proposed Annual caps and basis of determination

The proposed aggregate annual value of purchase of the Enlarged Group Purchase Products to be made by the Enlarged Group under the New Master Purchase Agreement for each of the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 will not exceed HK\$1,118,956,000, HK\$1,230,852,000 and HK\$1,353,937,000 respectively.

The proposed annual caps for 2013, 2014 and 2015 for the purchase of the Enlarged Group Purchase Products have been determined with reference to: (i) the total historical amount of HK\$924,757,000 for the year ended 31 December 2011 in respect of the purchase of the Enlarged Group Purchase Products by the Enlarged Group from the Sichuan Changhong Group; (ii) the historical transactions conducted and transaction amounts in respect of the Enlarged Group's purchase of the Enlarged Group Purchase Products from the Sichuan Changhong Group; (iii) the increase in the total purchase of the Enlarged Group Purchase Products by the Enlarged Group from the Sichuan Changhong Group from 2009 to 2010 at approximately 14% and the decrease in the total purchase of the Enlarged Group Purchase Products by the Enlarged Group from the Sichuan Changhong Group from 2010 to 2011 at approximately 30%, which was mainly due to the European debts crisis which caused the Group's sales to European markets decrease significantly 2011; (iv) the Enlarged Group's overall projected requirements for products from the Sichuan Changhong Group based on its business expansion plans; (v) the value of the actual purchase by the Group from the Sichuan Changhong Group in 2010 and 2011 under the Existing Master Purchase Agreement in the amount of approximately HK\$1,323,062,000 and HK\$924,262,000 respectively; and (vi) the anticipated increase in demand by the Group's customers assuming that the purchase of electronic products from the Sichuan Changhong Group by the Enlarged Group in the three years ending 31 December 2015 will have an increase of approximately 10% per year.

Each of the annual caps for 2013, 2014 and 2015 under the New Master Purchase Agreement represent an decrease of 32.75%, 26.02% and 18.62% respectively as compared with the annual cap for 2012 under the Existing Master Purchase Agreement as it takes into account the actual purchase from Sichuan Chonghong Group by the Group for the year ended 31 December 2011 and the projected value of transactions of the Target Group with respect to the purchase of the Target Group Purchase Products from the Sichuan Changhong Group upon completion of the Acquisition.

Reasons for entering into the New Master Purchase Agreement

As one of the established manufacturers of consumer electronic products in the PRC, Sichuan Changhong and its subsidiaries can supply a range of consumer electronic products at a very competitive basis. Annually, Sichuan Changhong and its subsidiaries export more than US\$250 million worth of consumer electronic products overseas and to the designated markets. Based on previous experience, the Company believes that the Sichuan Changhong Group has been consistently able to meet the demands of the relevant members of the Enlarged Group for high product quality and timely delivery and is able to supply the Enlarged Group Purchase Products at competitive prices. As the Company considers that having reliable and cooperative suppliers and competitively priced source of supply of products is important and beneficial to the Enlarged Group, purchasing from the Sichuan Changhong Group allows the Enlarged Group to secure essential control over most of the key products in its business by being able to ensure timely delivery of such products while maintaining product quality and price-competitiveness.

Furthermore, the Company believes that with a committed source of supply of products through the New Master Purchase Agreement, the Enlarged Group would now be able to source for more customer orders and improve its sales orders and expand its business.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of the Independent Financial Adviser) are of the view that the New Master Purchase Agreement has been entered into on normal commercial terms and in the ordinary course of business of the Enlarged Group, and that the terms of the New Master Purchase Agreement (together with the annual caps for 2013, 2014 and 2015) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Save for Mr. Yu Xiao and Mr. Tang Yun who are required to abstain from voting, none of the Directors have any material interest in the transactions contemplated under the Framework Agreements.

INFORMATION RELATING TO THE COMPANY, TARGET GROUP AND SICHUAN CHANGHONG

The Company and its subsidiaries (collectively the “**Group**”) is engaged in trading business in the consumer electronic industry.

The Target Group is principally engaged in the distribution of IT consumer products and IT corporate products in the PRC.

As at the date of this announcement, Sichuan Changhong is interested in 33.34% of the issued share capital of the Company.

Immediately following completion of the Acquisition, Sichuan Changhong will be beneficially interested in approximately 52.53% of the issued share capital of the Company as enlarged by the allotment and issue of the New Ordinary Shares and the New Convertible Preference Shares and hence, will remain as a connected person of the Company under the GEM Listing Rules.

Sichuan Changhong is a company established under the laws of the PRC with limited liability whose issued A-shares (stock code: 600839.SH) are listed on the Shanghai Stock Exchange. It is principally engaged in the research and development, manufacture, sales and distribution of electrical appliances and consumer electronic products and the research and development, as well as the sales and distribution of mobile phones in the PRC under its own brands.

GEM LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios (under Rule 19.07 of the GEM Listing Rules) for the respective annual caps for 2013, 2014 and 2015 under the Framework Agreements do not fall under the exemption in Rules 20.33 and 20.34 of the GEM Listing Rules, they constitute continuing connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 20.45 to 20.54 of the GEM Listing Rules.

As Sichuan Changhong is a party to the Framework Agreements, Sichuan Changhong and its associates are required under the GEM Listing Rules to abstain from voting on the resolutions to be proposed to approve the Framework Agreements at the SGM to be convened. The votes of the Independent Shareholders at the SGM will be taken by poll.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with each of the Framework Agreements and the related proposed annual caps. TC Capital Asia Limited has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Framework Agreements.

The Circular containing, inter alia, (a) further information of the transactions contemplated under each of the Framework Agreements; (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (c) the recommendation from the Independent Board Committee; and (d) a notice of the SGM will be dispatched to the Shareholders before 31 December 2012.

By order of the Board
China Data Broadcasting Holdings Limited
Yu Xiao
Chairman

Hong Kong, 7 December 2012

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

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the listing rules of The Growth Enterprise Market (“GEM”) of the Stock Exchange for the purpose of giving information with regard to the Company.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

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>.